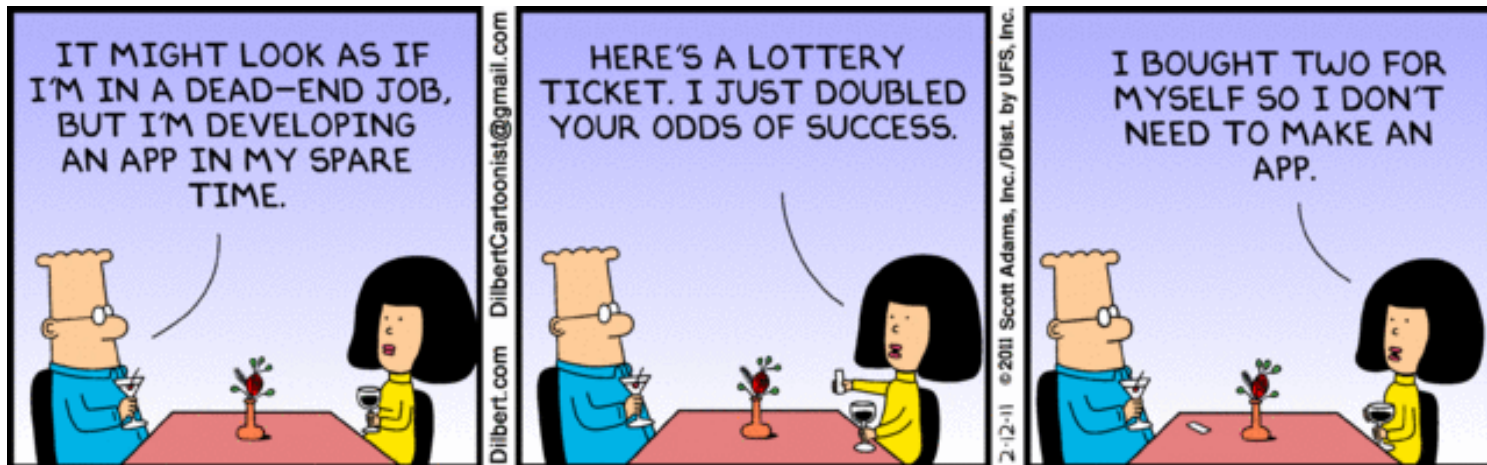
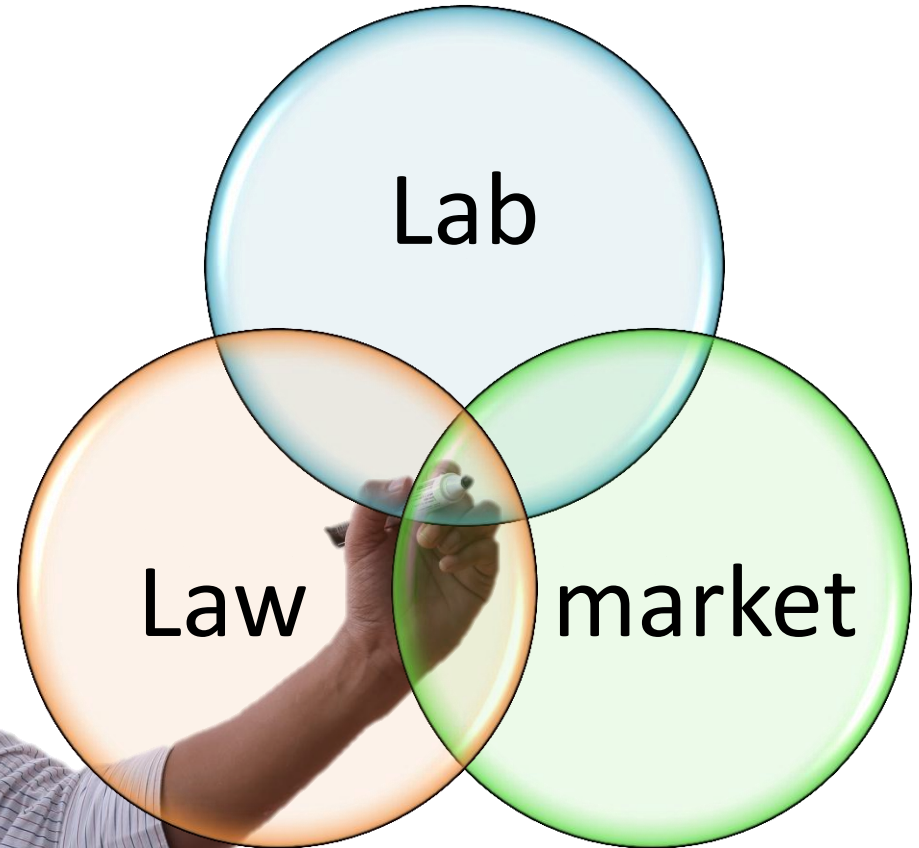


Strategy and Monetisation in the IP Economy

Swapna Sundar, CEO &
PVS Giridhar, Legal Strategist

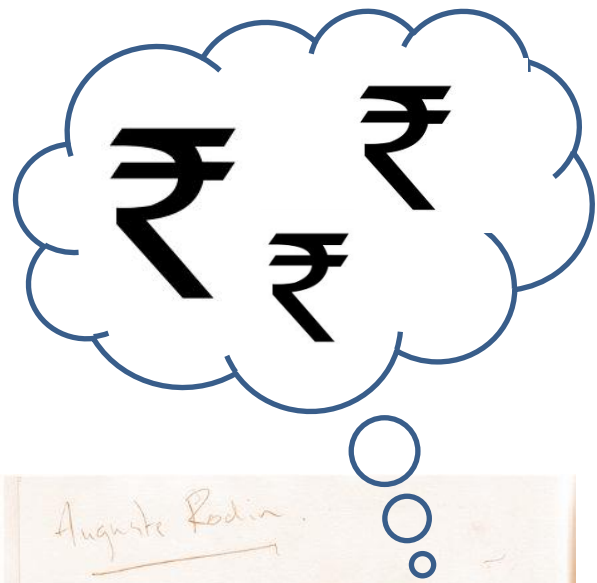


*At the intersection of the Lab,
the Law
and the Market*





<http://yourstory.in/2010/04/the-hut-on-the-goldmine-why-start-ups-fail-to-dig-for-gold/>



1. Intellectual capital is the most important asset of many of the world's largest and most powerful companies
2. IP is the foundation for market dominance and critical driver of continuing business profitability of leading corporations;
3. IP is recognised as the most important asset of the most powerful companies of the world;
4. IP is often the key objective in mergers and acquisitions ;
5. IP smart enterprises are extending the use of IP from a defensive tool to a business strategy

A	B	C	D	E	F
1	[Company Name]	Balance Sheet			
2		Date: 9/29/2008			
3					
4	Assets	2008	2007		
5	Current Assets				
6	Cash	1074			
7	Accounts receivable				
8	Inventory				
9	Prepaid expenses				
10	Short-term investments				
11	Total current assets	\$ 1074	\$ -		
12	Fixed (Long-Term) Assets				
13	Long-term investments	1200			
14	Property, plant, and equipment	15,340			
15	(Less accumulated depreciation)	(2,200)			
16	Intangible assets				
17	Total fixed assets	\$ 14,340	\$ -		
18	Other Assets				
19	Deferred income tax				
20	Other				
21	Total Other Assets	\$ -	\$ -		
22					
23	Total Assets	\$ 26,222	\$ -		
24					
25	Liabilities and Owner's Equity				
26	Current Liabilities				
27	Accounts payable	8,080			
28	Short-term loans				
29	Income taxes payable	3,145			
30	Accrued salaries and wages				
31	Unearned revenue				
32	Current portion of long-term debt				
33	Total current liabilities	\$ 11,225	\$ -		
34	Long-Term Liabilities				
35	Long-term debt	3,450			
36	Deferred income tax				
37	Other				
38	Total long-term liabilities	\$ 3,450	\$ -		
39	Owner's Equity				
40	Owner's investment	7,070			
41	Retained earnings	4,300			
42	Other				
43	Total owner's equity	\$ 11,557	\$ -		
44					
45	Total Liabilities and Owner's Equity	\$ 26,222	\$ -		
46					

1. 2007 brand value

Reliance Industries

Rs. 26801 Crores

TCS

Rs. 19592 Crores

Indian Oil Corporation

Rs. 17987 Crores.

IOCLs brand value formed 40% of the company's total value.

2. 2013 brand value of **Apple** stands at \$185 bn.

Google US \$114 bn.

3. Nestle's balance sheet 2009 discloses:

Property, plant and equipment **US \$ 21 599 Mn**

Goodwill and intangible assets **US \$ 34 160 Mn**

4. Pfizer's balance sheet 2009 discloses:

Property, plant and equipment **US \$ 22 789 Mn**

Goodwill and intangible assets **US \$ 110 391 Mn**



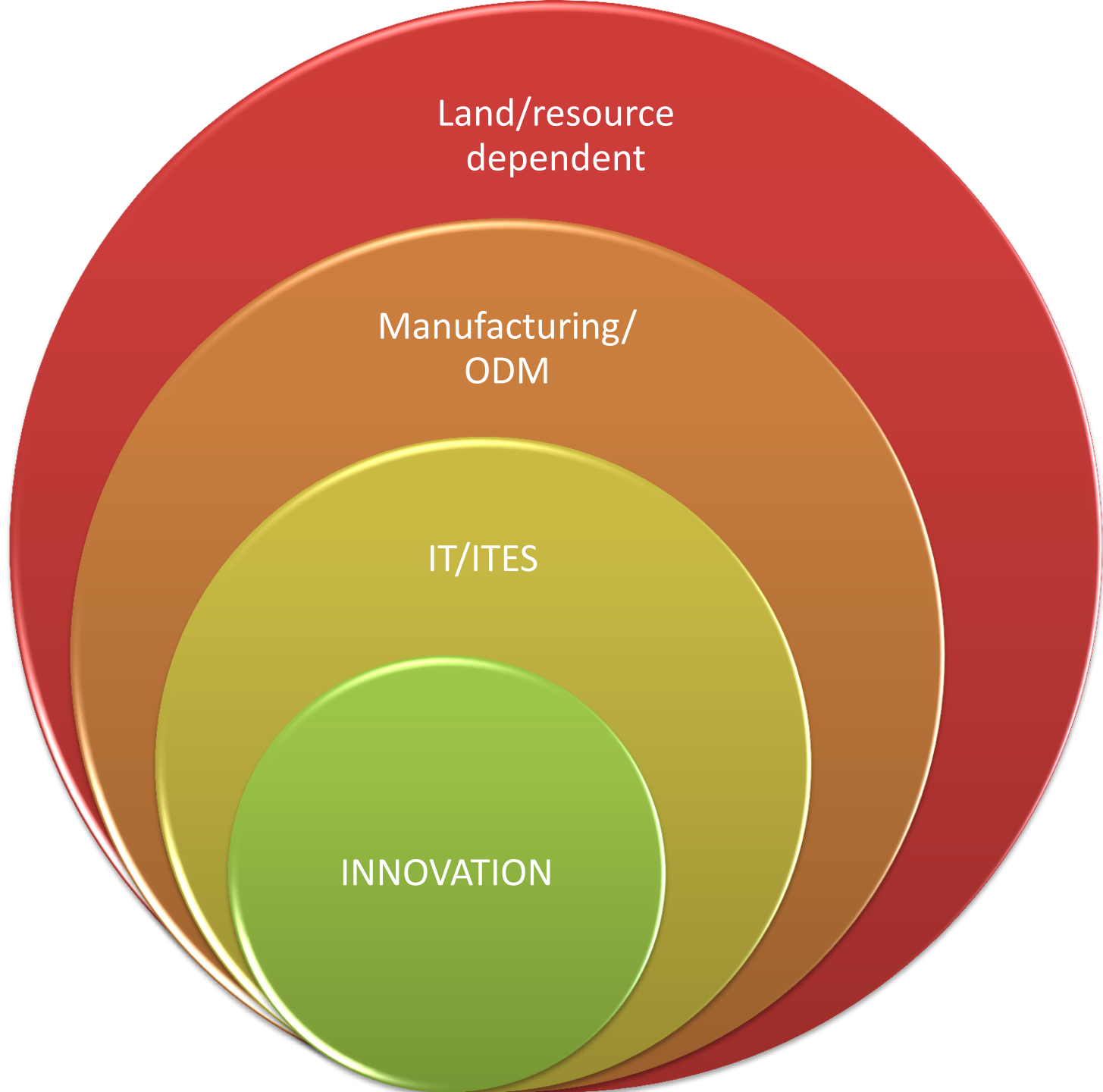
Creative
economy

Knowledge
economy

Industrial
economy

Agricultural Economy

COMPOSITE ECONOMY



Agricultural
Economy

**Knowledge
growth was over
generations**

Trade secrets

2 kinds of knowledge:

- Scientific development on platforms**
- Standardisation and rationalisation**

Industrial
Economy

Capital controlled IP

Development of IP litigation

- Short life-cycle technologies
- over-lapping innovation

- Software patents and increased IP complexity

Knowledge
Economy

Use of IP

- FTO
- Business process IP
- brand value
- control over ownership

Creativity as the key driver

- IP value independent of physical carrier
- transform information
- ideas to assets
- human capital
- in sourcing

Difficult to create,
easy to infringe

Creative
Economy



Producers
and
consumers
interacted
with each
other and
shared
directly

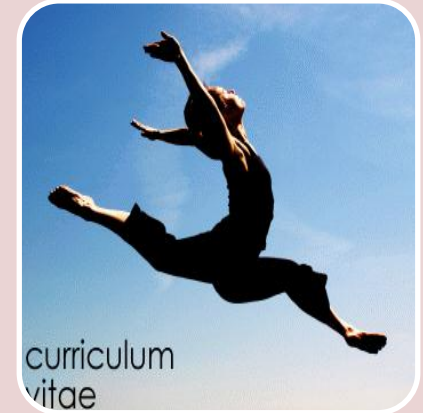


Corporations,
mass
automated
production,
segmented
marketing



Flat world

Technology
clusters,
skilled
People



Niche-driven

Expertise
creativity

SEDIMENTATION OF ECONOMIES

OUTPUT:

Knowledge to
creativity

APPROACH:

Multi-disciplinary to
creative

USE:

Information storage
and transfer to
transformation

MODEL:

Choice to
Preferences

RESOURCES:

Scarcity of capital to
Abundance of capital

PRICING:

Competitive costing
to premium pricing

Basic Valuation Techniques

1. Cost approach – cost of finding an alternative or what has been spent
2. Market approach – cost of similar tech
3. Income approach – fair value after discounting the future economic benefits of ownership

Monetisation

1. How do we transform Ideas to assets
2. How do we focus on monetisable IP?



Traditional Notion is similar to protection of tangible property



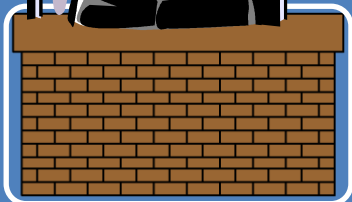
Sale, Lease, License, Hire etc



Exclude others from access



Secure from threats (*a separation is created between the assets and the threat.*)



Build walls and set the dogs after intruders

To achieve economic growth it is necessary to ***Apply*** advances in technology, in conjunction with ***entrepreneurship*** and innovative approaches to the ***creation and delivery*** of goods and services



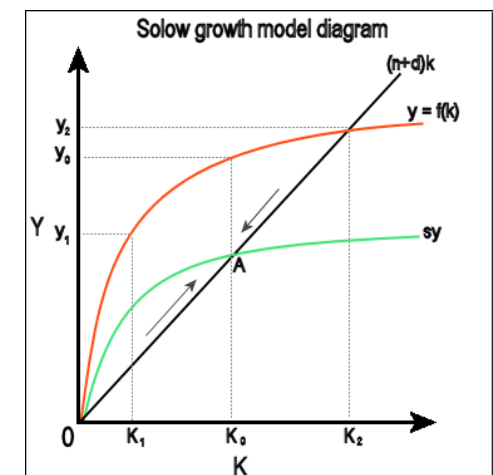
1. R&D requires the commitment of substantial amounts of money; Private companies won't commit unless the Government assures them that a successful product can lead to exclusive sales.
2. Policies that protect the fruits of research and provide incentives in the form of effective patents and copyrights are critical to continued innovation.

Only 2 ways of increasing the output of the economy:

(1) you can increase the number of inputs that go into the productive process, or

(2) if you are clever, you can think of new ways in which you can get more output from the same number of inputs.

Abramovitz in 1950 discovered that measured growth of inputs (i.e., *in capital and labor*) between 1870 and 1950 could only account for about 15% of the actual growth in the output of the economy . Robert Solow in 1956 won the Nobel Prize for his model of growth which showed that $\frac{3}{4}$ of the output per worker in the US could be attributed to technical progress





Sagar Nidhi ORV ice class

Multi disciplinary, dynamic positioning

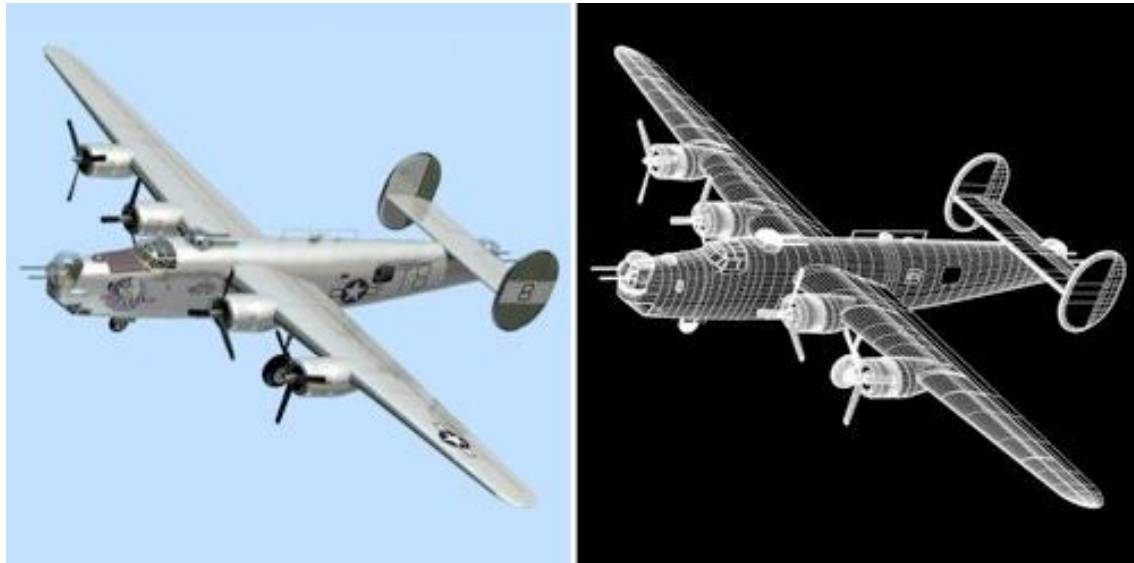
Operated by NIOT – Ministry of Earth Sciences
Designed and built by Fincantieri, Italy

ENCs are copyrighted by UKHO

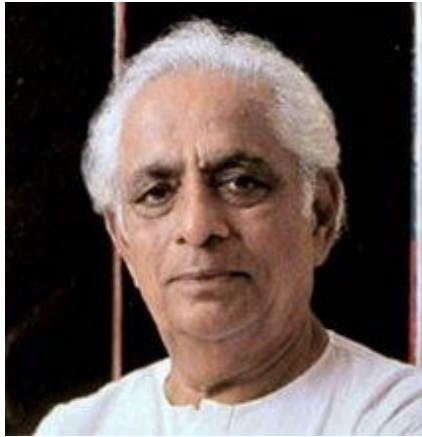
First Indian charts by the Thorntons in 1703

Each chart costs about Rs. 3200/-

About 300 charts required for navigating from open sea to harbour

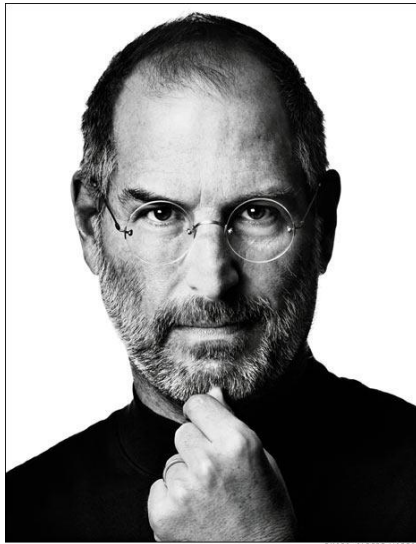


Lockheed Martin forced Turbo Squid a 3D graphics stock image site to remove 3D illustrations of World War II bomber aircrafts on the grounds that it infringed their copyright and Trademark.
What do you think?



"If you don't make things for your own surprise, you become like a baker, everyday making the same round bread to sell."

Dasarath Patel, Co-founder of National Institute of Design, Ahmedabad



“That’s not what we think design is. It’s not just what it looks like and feels like. Design is how it works” –

NYT, The Guts of a New Machine, 2003

“In most people’s vocabularies, design means veneer. It’s interior decorating. It’s the fabric of the curtains of the sofa. But to me, nothing could be further from the meaning of design. Design is the fundamental soul of a human-made creation that ends up expressing itself in successive outer layers of the product or service.” – [Fortune](#)

Do you know these companies?

Quanta

Foxconn (Hon Hai)

Compal

Inventec

Wistron

Flextronics

Asus

...

<i>Quanta</i>	HP, Dell, Compaq, Apple, Cisco
<i>Foxconn</i> <i>(Hon Hai)</i>	ipad, Acer, Cisco, HP, Microsoft
<i>Compal</i>	Motorola, Lenovo, Dell, imac
<i>Inventec</i>	HP, Toshiba, Acer
<i>Wistron</i>	Acer, Microsoft
<i>Flextronics</i>	Microsoft, Kodak, Ericsson, Lenovo, Dell

The vast majority of laptops on the market are manufactured by a small handful of Original Design Manufacturers (ODM)

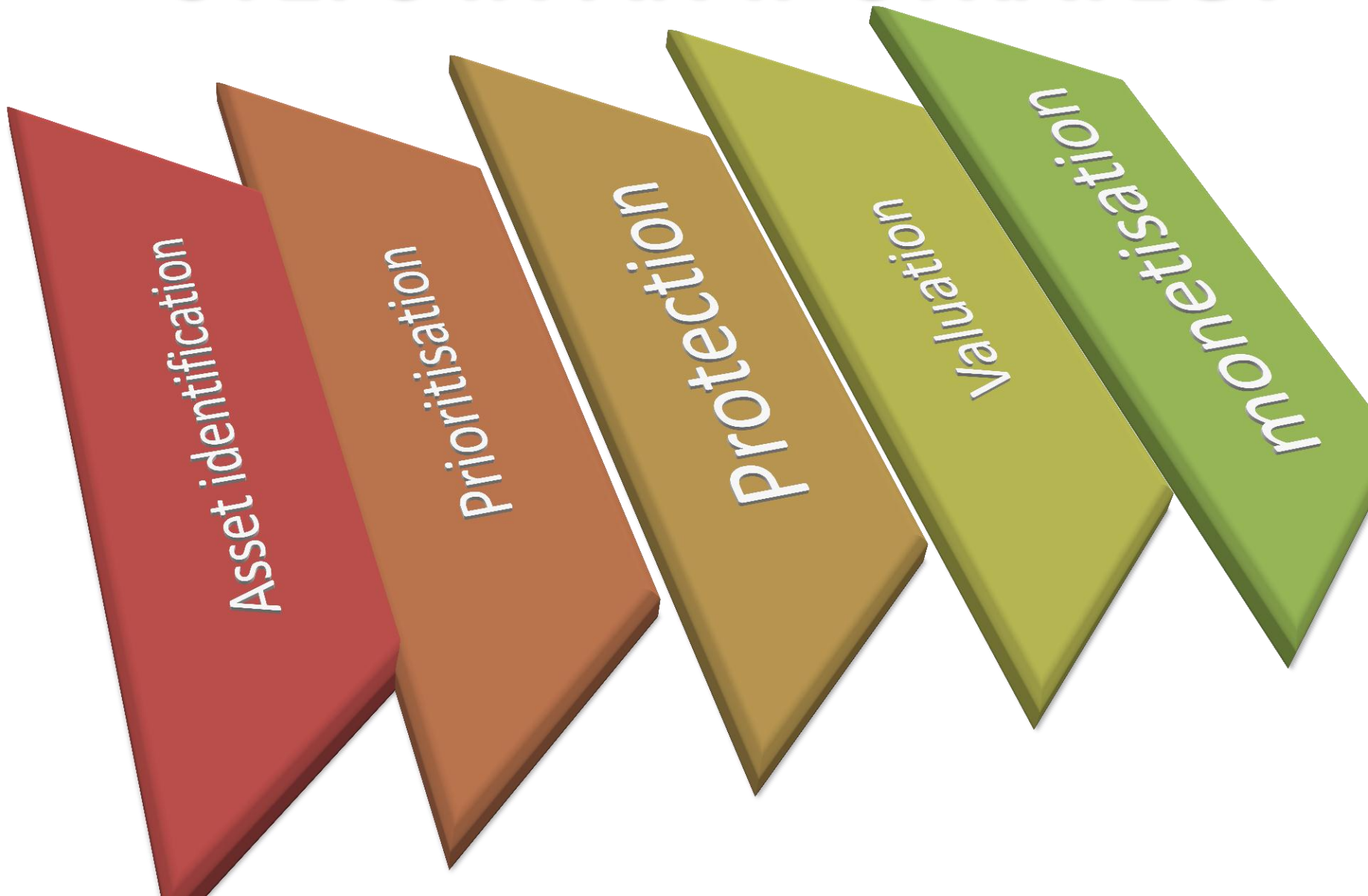
ODMs design & manufacture products which are specified and eventually branded by another firm.

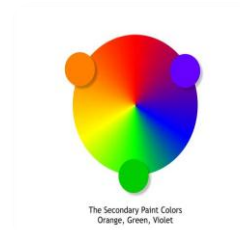
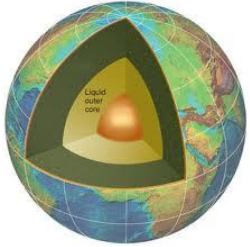
ODM owns and/or designs in-house the products that are branded by the buying firm. ODMs create their own intellectual property and are proactive in patenting it.

Some companies, such as Hon Hai patent their innovations at three times the rate of IBM when measured on a per employee basis. Most of their patents are filed in the US, Taiwan and China.

- - 82.6% of ODMs are based out of Taiwan.

STEPS IN AN IP STRATEGY





Core:

- produce
- Protect
- Replicate
- Transfer
- Translate
- transport

Peripheral

- License out
- License – in to bundle
- Co-brand
- Protect to monetise

Secondary Results:

- Assign
- License out
- Protect to monetise

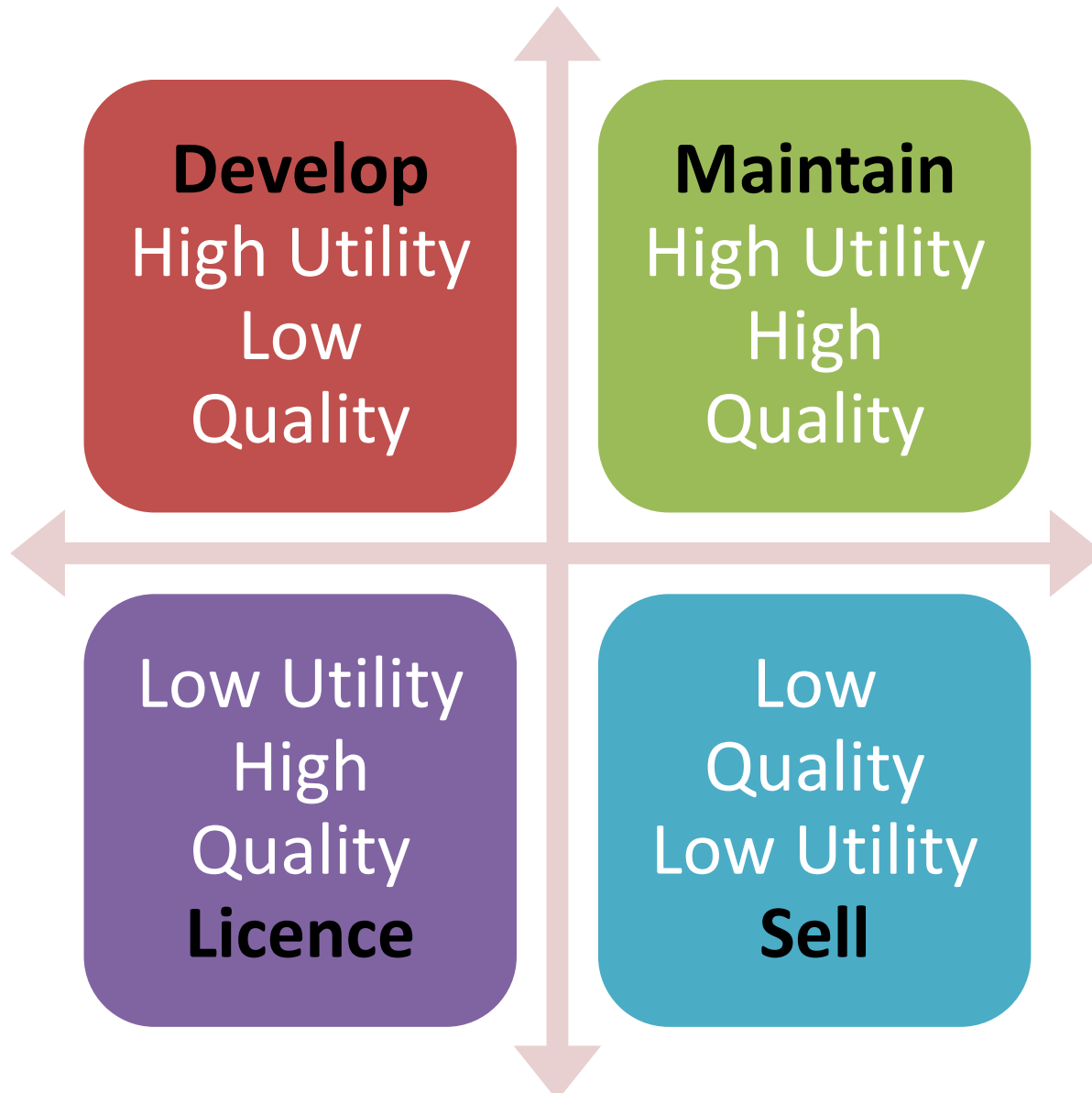
Shared IP

Identify, value and protect

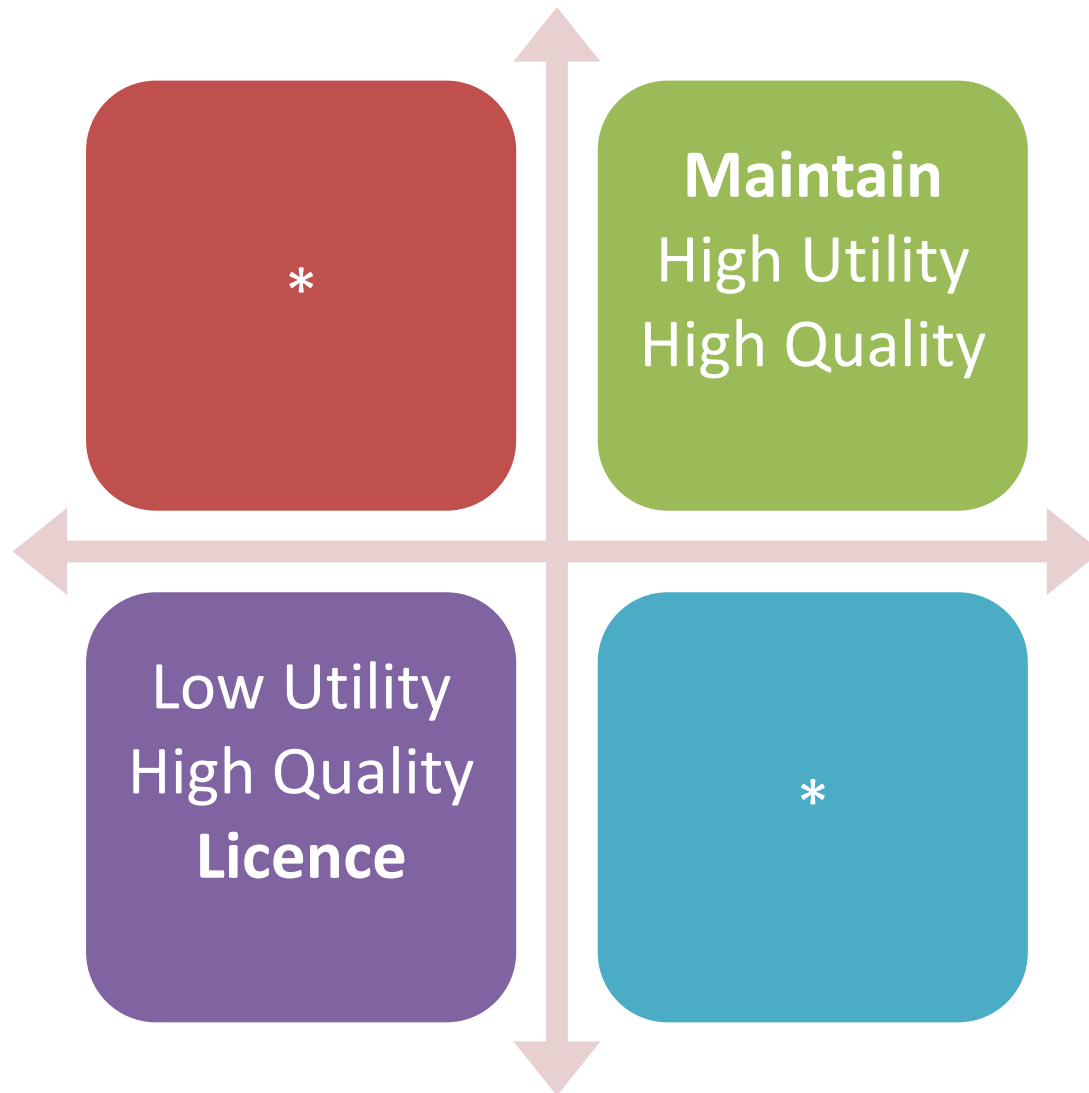
Classify as core / not core

EXPECT THESE TO CHANGE OVER TIME

IP-Maximising Quadrant:



This is where you want to be





RENAULT NISSAN

The largest economies of scale are always global.



DAIMLER



pulse/micra

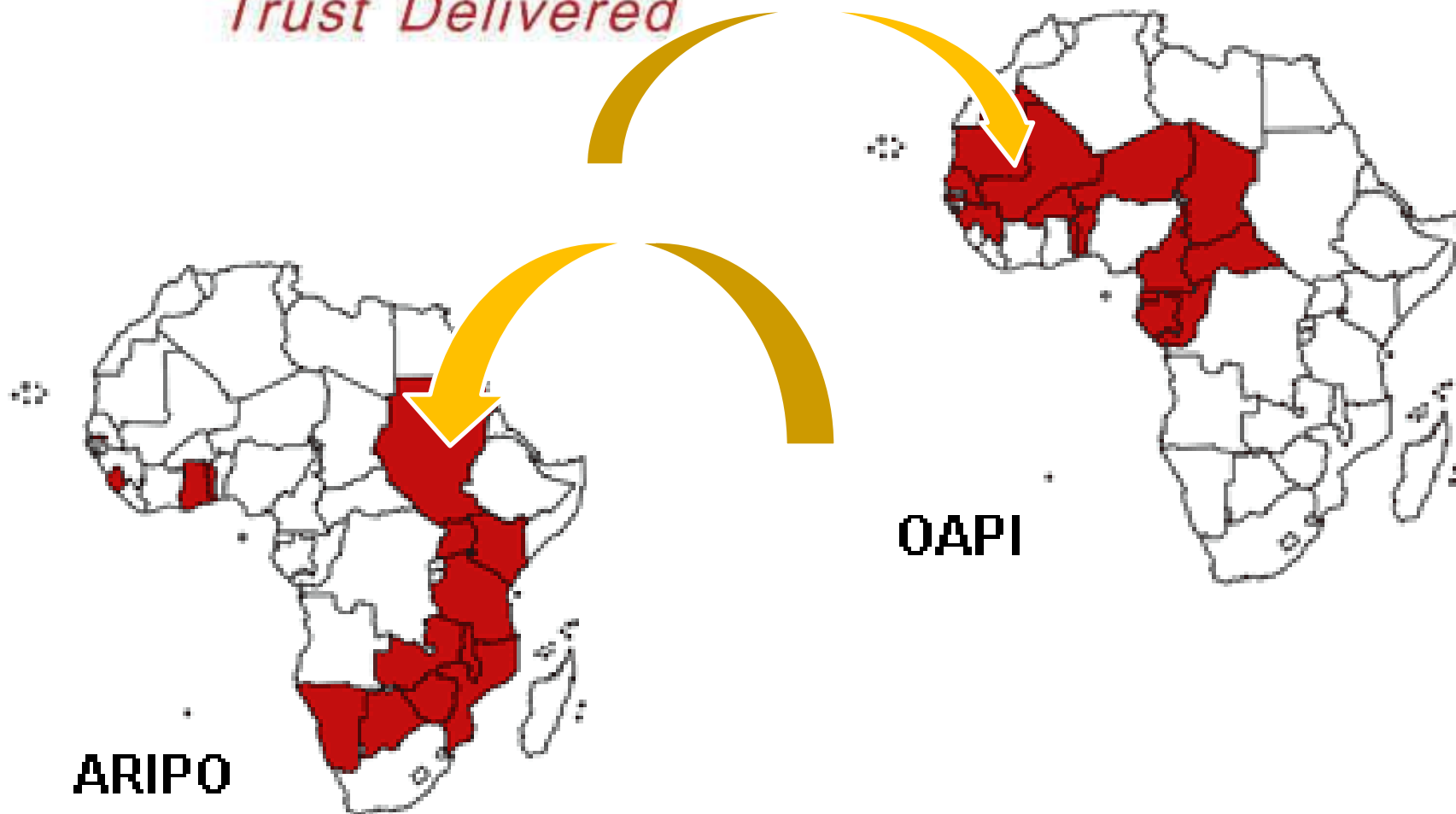
Sunny/scala

Global Strategy





GEOGRAPHICAL STRATEGIES



LOCAL STRATEGY





**The network includes
19 branches which
covers all the 19
districts, counties and
hi-tech parks in
Shanghai, providing
services to local SMEs.**

 **Tech-transfer Service Center of the district/county**




IG COLLEGE

(Certified Institution)
na University, Chennai
n Road,
i - 600 077



IP Strategy Advisors

**INAGURATION OF CENTRE FOR IPR & LEGAL CELL
AND SIGNING OF MOU**

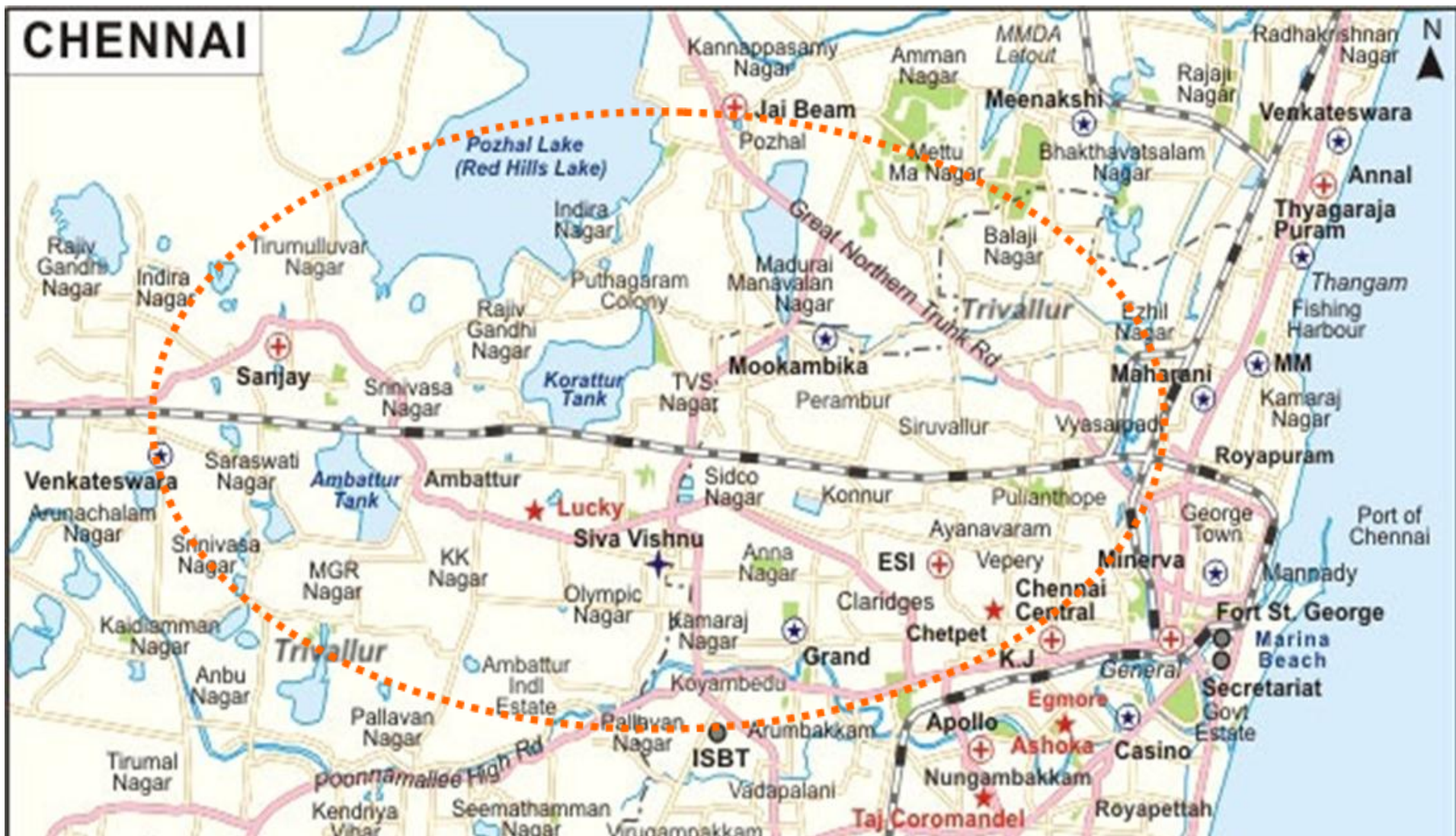
**&
National Level FDP
(Winter School)
On**

Innovation, Research & IPR

Date: 10.01.2013

Welcome You A

CHENNAI



Several ways to make a car cheaper

No Radio, Power windows, air conditioning, anti lock brakes, air bags, remote locks or power steering.

Rear wheel drive: manually actuated 4-speed trans axle that gives the car better fuel efficiency

Wheel Bearing: Wheel bearing is strong enough to drive the car at 72kmph but would quickly wear out at higher speeds.

Analogue speedometer, odometer and fuel gauge. Single windscreen wiper



Or...

...Understand taxation !

Cars shorter than 4 meter in length in India have considerably lesser excise duty as they are classified as 'Small Cars'. The Difference in excise duty is around Rs. 22,000 which can be transferred to customers



Tata Indigo CS:

Length 3,988 mm
Width 1,620 mm
Height 1,540 mm
Wheelbase 2,450 mm
Ground clearance 165 mm

Tata Indigo Manza 4.413 mts

Manza CS 42 cm shorter - will be achieved by cutting down space near the front grille of the car.

FUEL EFFICIENCY OF av.17kpl achieved through engineering design features:
Engine: 69bhp, 14.2kgm DiCOR engine

Concentration on reducing friction losses on the 1.4-litre DiCOR diesel.

Design changes in the cylinder head and sealing gaskets.

Improved camshafts and valves and an ECU re-calibration.

Tata's engineers have also paid keen attention to small things like wheel bearings;
and fitted the new e-CS with lower-rolling resistance tubeless tyres.



The brand name for a range of precisely-cut crystal (a particular type of glass) and related luxury products produced by Swarovski AG of Wattens, Austria.

POETRY of PRECISION: Swarovski is the synonym for crystal.

In 1895, Daniel Swarovski pursued his dream of creating a crystal so perfect that it captured both the eye and the heart.



Swarovski, now the undisputed world leader in cut crystal has remained fully independent since its foundation in Wattens, Austria. The company employs 26,000 people and maintains a presence in more than 120 countries worldwide.

The company draws its richness of expression from the cultural heritage of Central Europe and its talents from *forging links between the arts, science and economics.*

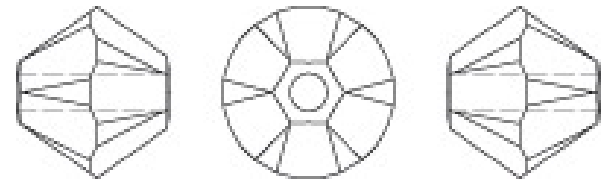
•

In 2007 Swarovski formed a partnership with electronics giant Philips to produce the "Active-Crystals" consumer electronics range. This includes six USB Memory keys, four in-ear headphones, and Bluetooth wireless earpieces with some form of Swarovski crystal on them as decoration.



Patented Xilion Cut





Swarovski has become the world-leading producer of precision-cut crystal lighting. The Swarovski philosophy is that crystal reveals its full beauty and array of colours only in proper combination with light. So those who know how to handle crystal have the power to control light as well.

With expertise in glass production and finishing technologies already used to manufacture jewellery stones, Wilhelm Swarovski developed **a novel prism fabrication and grinding process** that he applied in constructing his first 6x30 binocular and founded SWAROVSKI OPTIK in 1949. His company's first serial product, the Habicht 7x42, is still an industry standard in the field of hunting optics, followed by the first telescope, rifle scope with shock absorber and extendable telescope



In 1892, Daniel Swarovski patented an electric cutting machine that facilitated the production of crystal glass. Swarovski markets the grinding and dressing tools it has developed under the brand name of TYROLIT. In 1919 the TYROLIT company is founded and the brand registered and protected.



- SWAREFLEX was founded in 1950 to exploit their expertise in glass elements. They produce reflectors and road marking studs with glass elements in a variety of sizes and designs ever since.



Every new era offers new possibilities for action and development. One must remain alert at all times, always ready to make the very best use of what emerges.

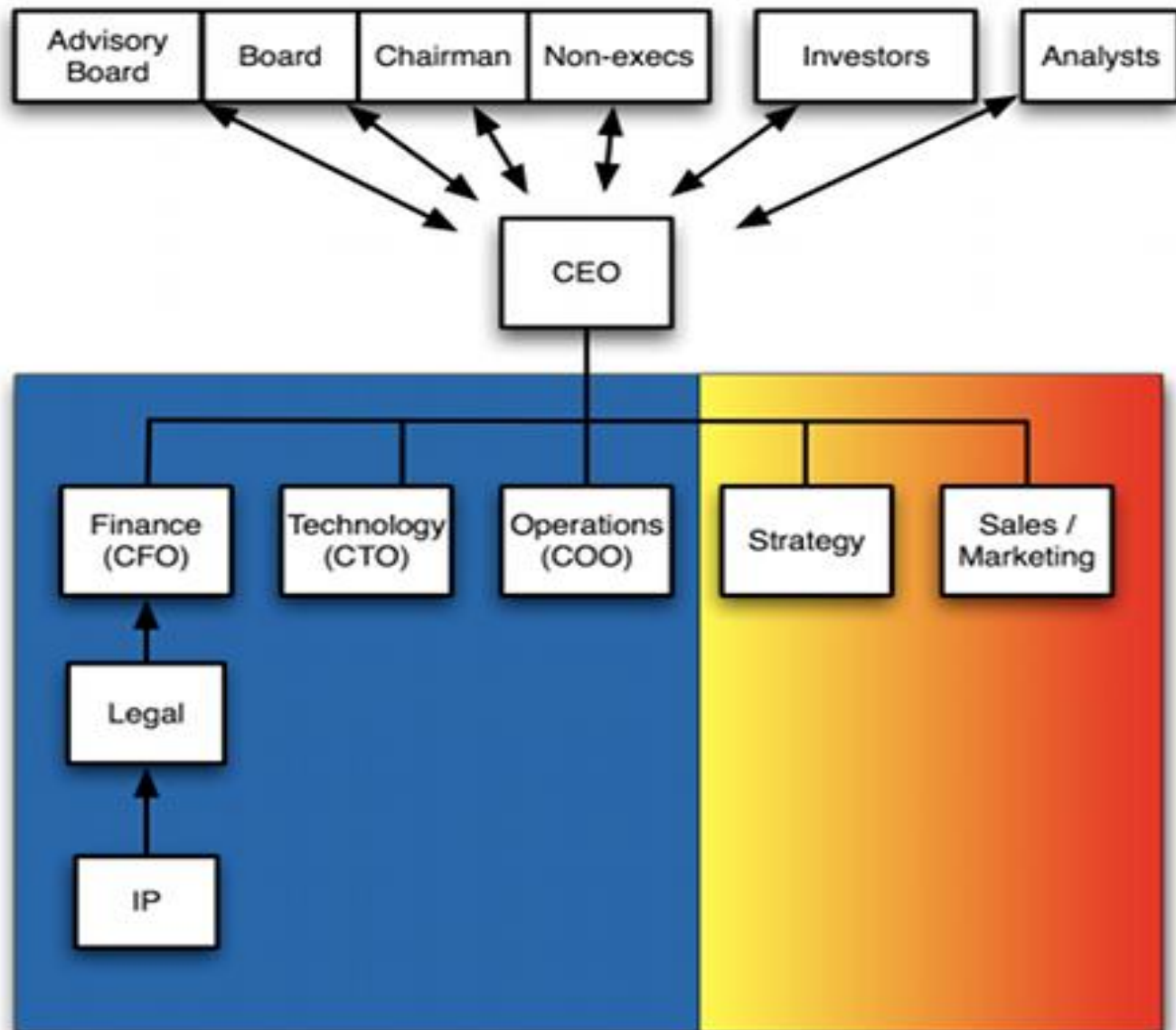


"constantly improve on what is good."

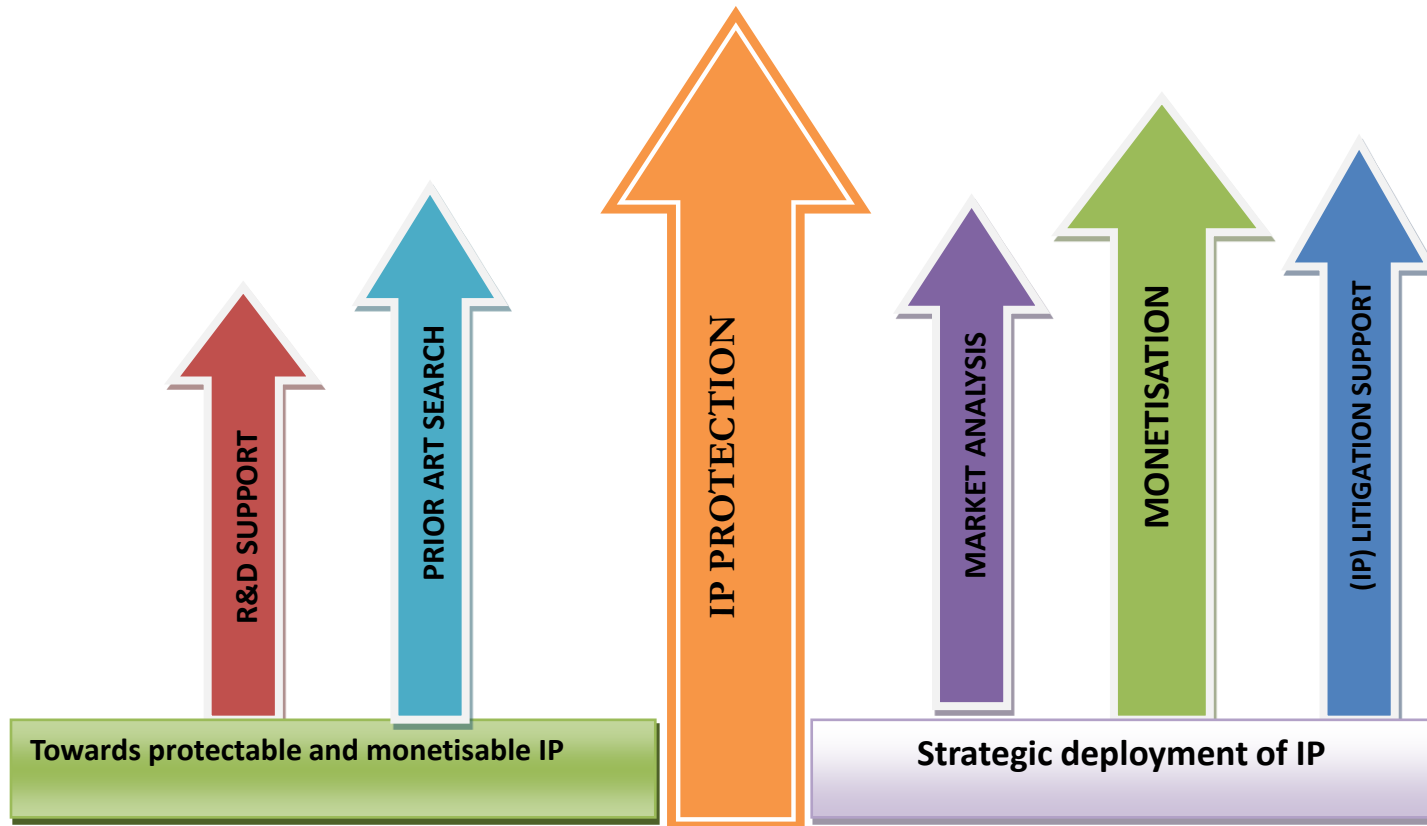
DANIEL SWAROVSKI I
(1862 - 1956)



*Daniel J. Cohen, head of Swarovski's North American division, situated outside of Providence, R.I. Says: **"The luxury aspect is important, but the money is made in the everyday product."***



Typical IP Organisational Structures



Strategic Agility

1. **Be prepared: can your company match the change? Can you be the change?**
2. **Jump the curve – Jack Uldrich's book advocates the exponential executive**
3. **IP generation in the Creative Economy**

So Is IP about:

- *Monopoly or Collaboration*
- *Desirable Investment or Necessary Cost*
- *Risk management or Business Strategy*
- *Multiplying Revenue Streams or Enhancement of profit*

- *A hut on the goldmine?*

<http://yourstory.in/2010/04/the-hut-on-the-goldmine-why-start-ups-fail-to-dig-for-gold/>

Thank you.
Let's discuss...

PVS Giridhar & Sai, Advocates



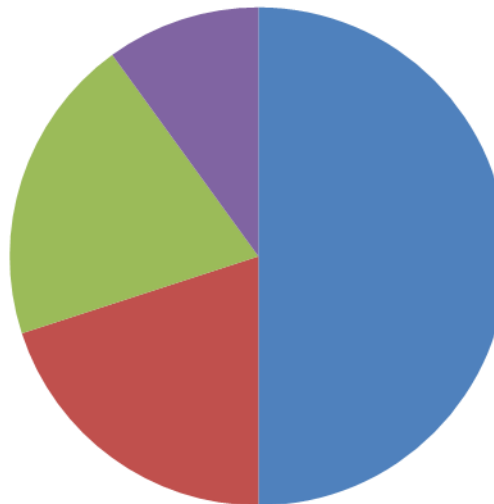
At ***PVS Giridhar & Sai***, we make an effort to understand the felt needs of clients and partner them in the process of their growth.

Innovations:

Preventive Legal Solutions – PLS

Offshore Legal Department –OLD

Creative ex ante Integrated IP Protection– CEXIIP



Service Profile

- Litigation and ADR
- Preventive Legal Solutions
- Strategy consulting
- Private International Law