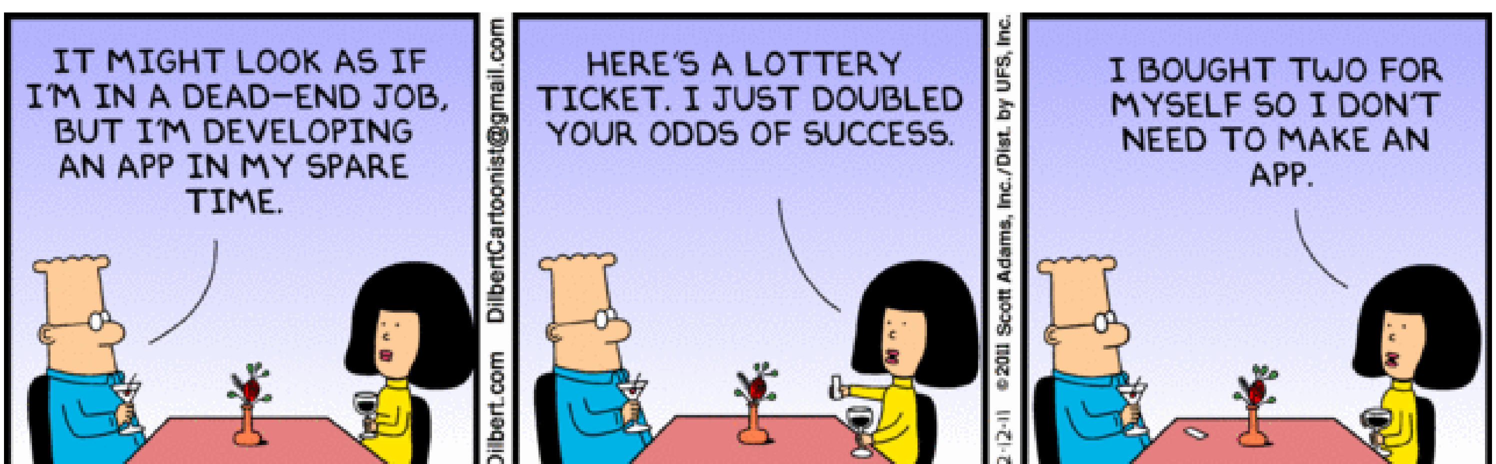
Strategy and Monetisation in the IP Economy

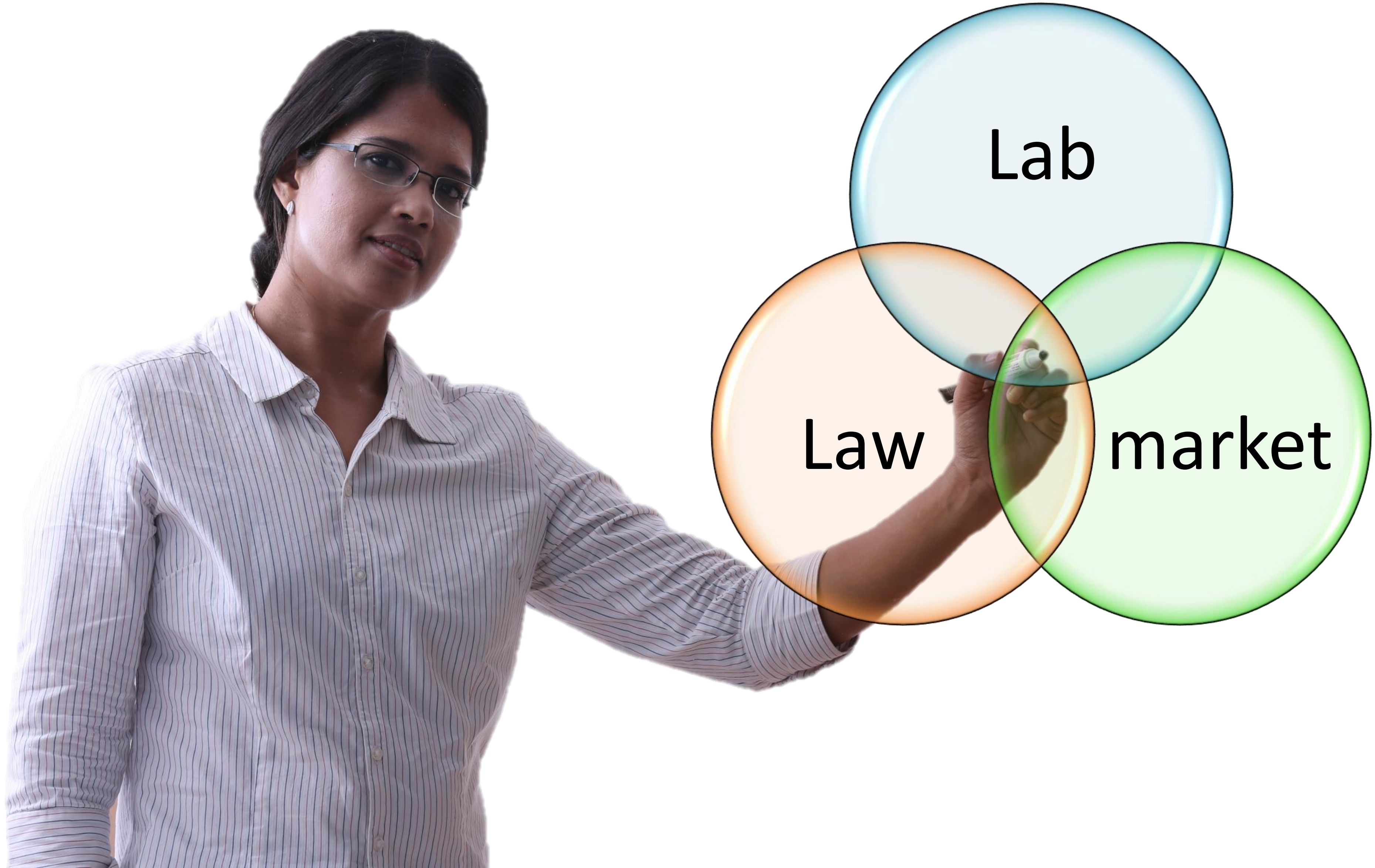
Swapna Sundar, CEO &
PVS Giridhar, Legal Strategist

IPDOME

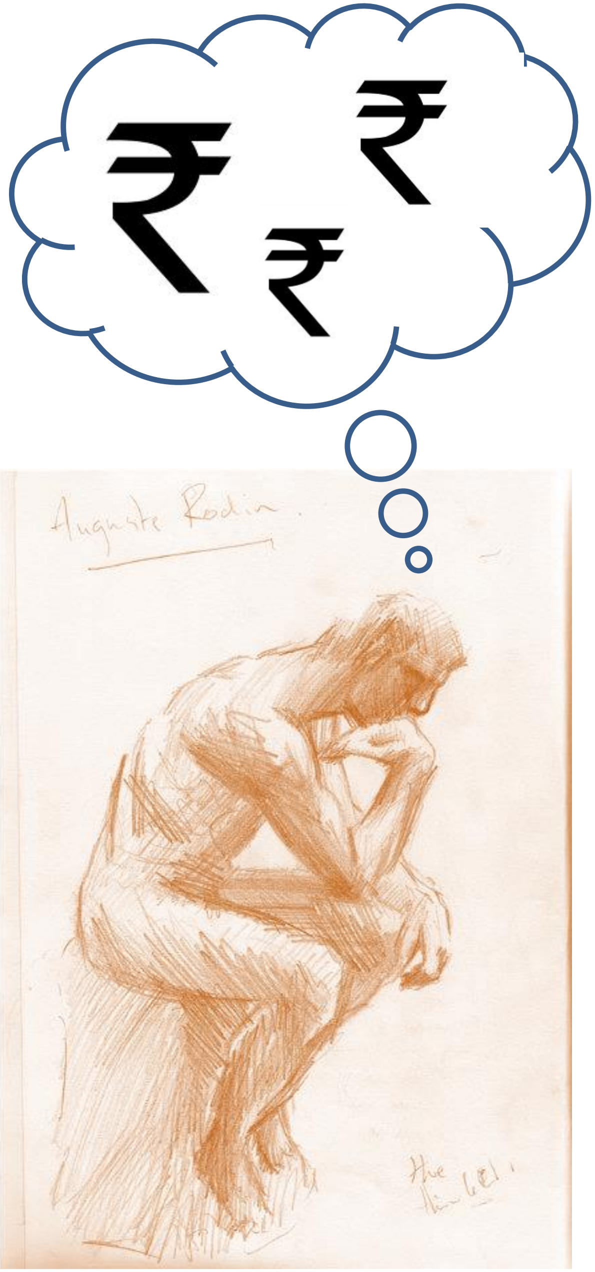
IP STRATEGY ADVISORS



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

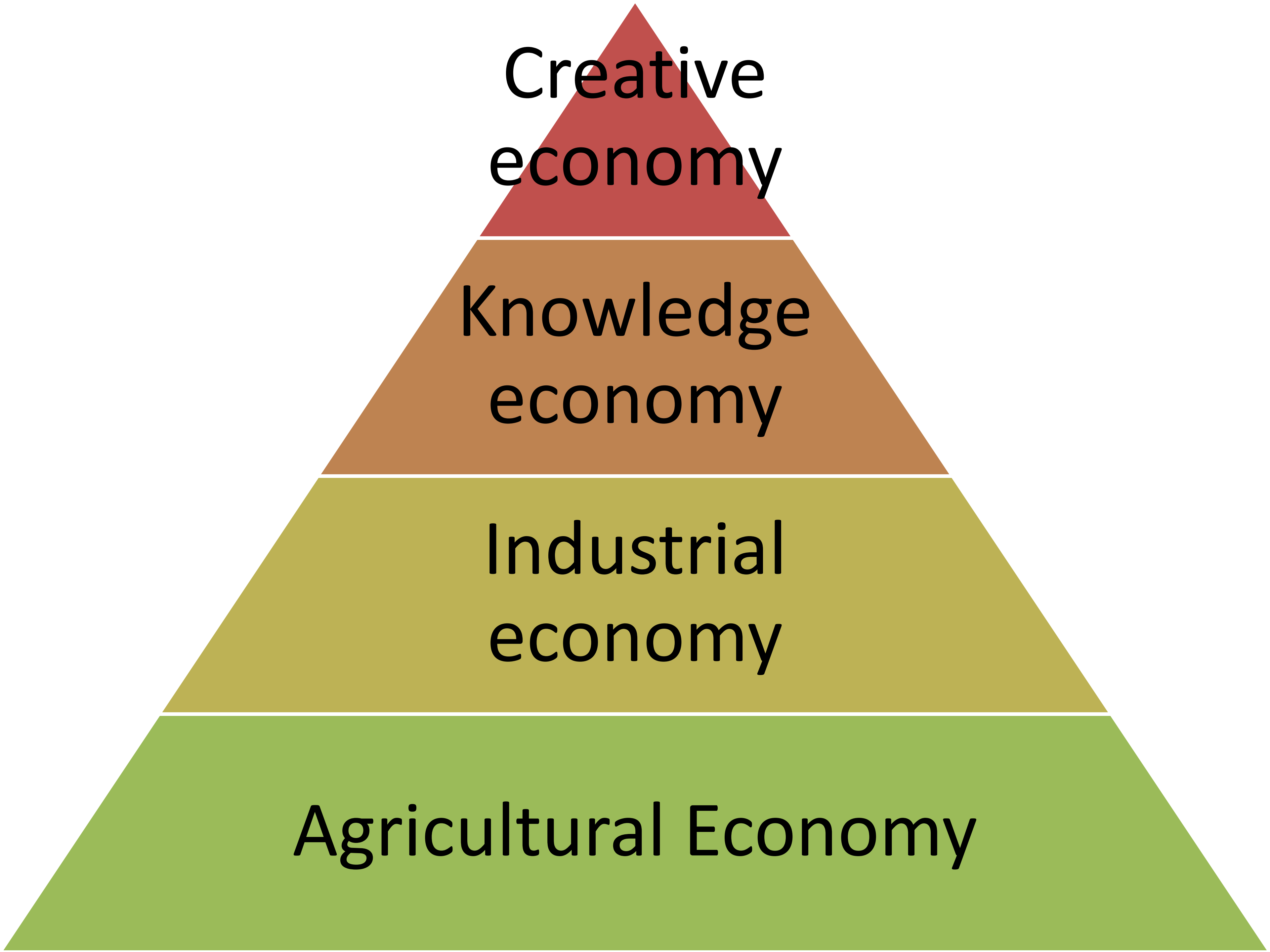
[Company Name]	Balance Sheet	
	Date:	9/29/2008
Assets	**2008**	**2007**
Current Assets		
Cash	11,874	
Accounts receivable		
Inventory		
Prepaid expenses		
Short-term investments		
Total current assets	$ 11,874	$ -
Fixed (Long-Term) Assets		
Long-term investments	1,208	
Property, plant, and equipment	15,340	
(Less accumulated depreciation)	(2,200)	
Intangible assets		
Total fixed assets	$ 14,348	$ -
Other Assets		
Deferred income tax		
Other		
Total Other Assets	$ -	$ -
Total Assets	$ 26,222	$ -
Liabilities and Owner's Equity		
Current Liabilities		
Accounts payable	8,060	
Short-term loans		
Income taxes payable	3,145	
Accrued salaries and wages		
Unearned revenue		
Current portion of long-term debt		
Total current liabilities	$ 11,205	$ -
Long-Term Liabilities		
Long-term debt	3,450	
Deferred income tax		
Other		
Total long-term liabilities	$ 3,450	$ -
Owner's Equity		
Owner's investment	7,178	
Retained earnings	4,389	
Other		
Total owner's equity	$ 11,567	$ -
Total Liabilities and Owner's Equity	$ 26,222	$ -

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.

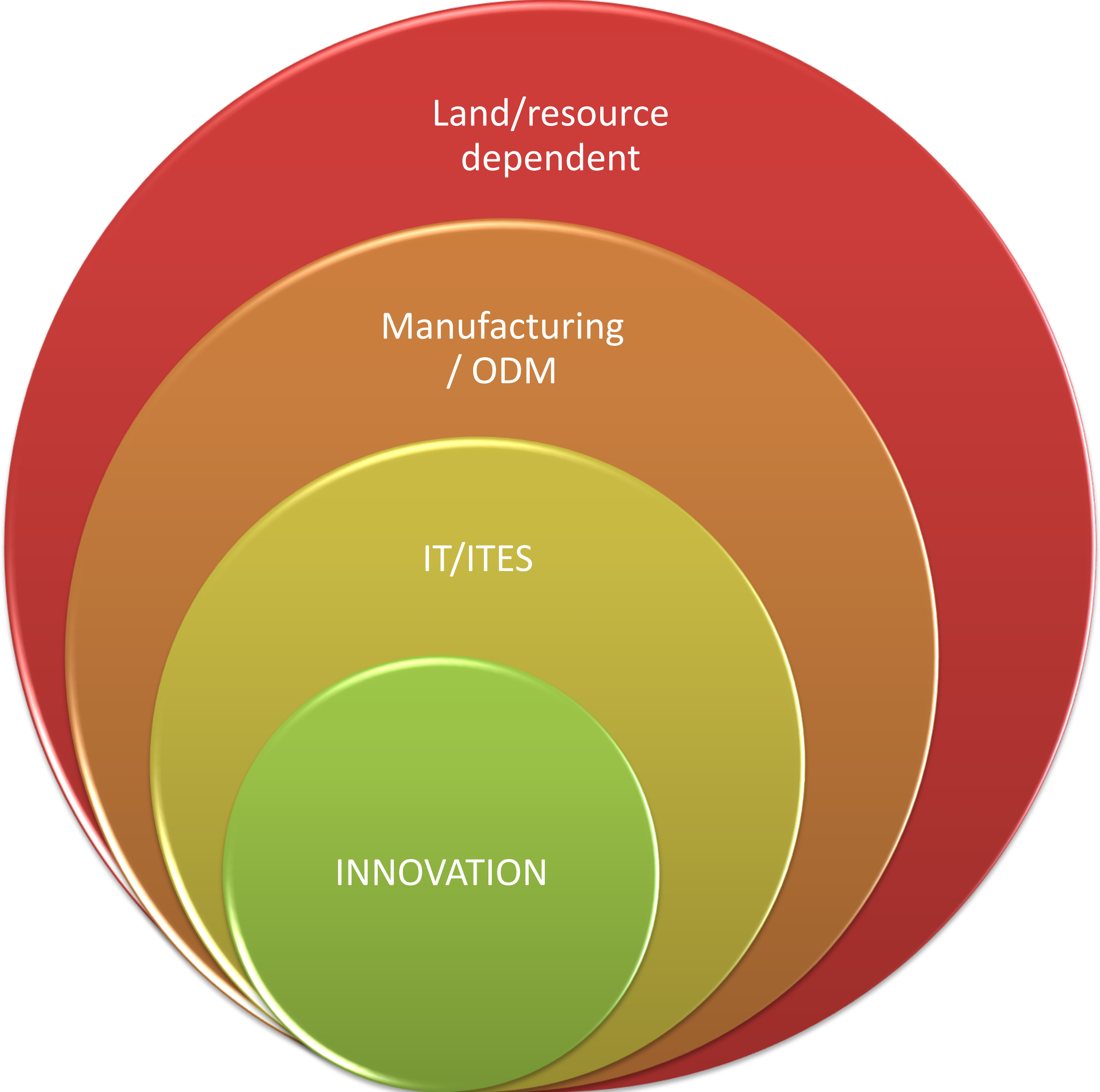
2. 2013 brand value of **Apple** stands at $185 bn.
   Google US $114 bn.

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 ECONOMHY



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

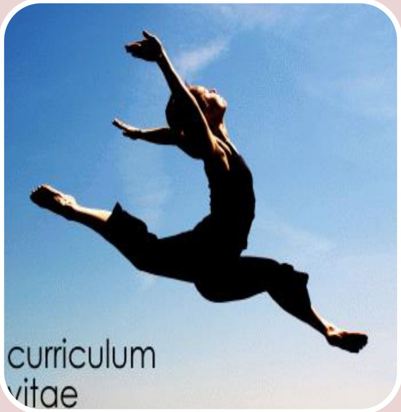
Knowledge Economy

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

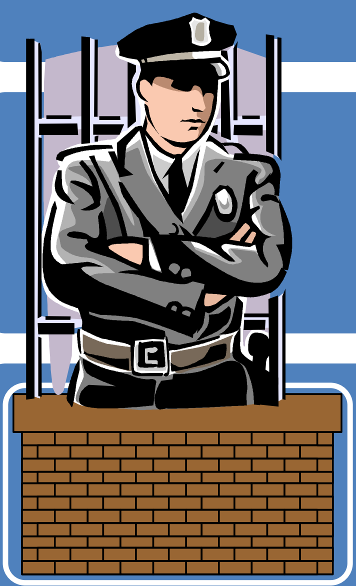
1. How do we transform Ideas to assets

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

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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.

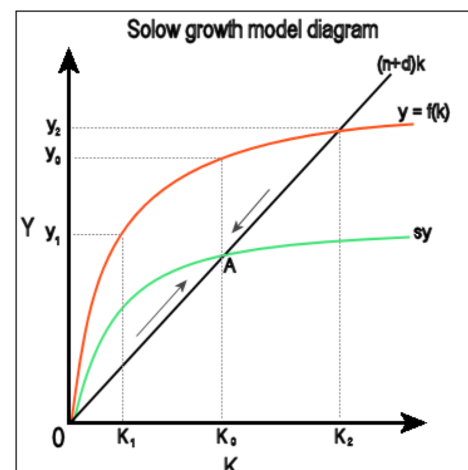
2. Policies that protect the fruits of research and provide incentives in the form of effective patents and copyrights are critical to continued innovation.

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 ¾ of the output per worker in the US could be attributed to technical progress



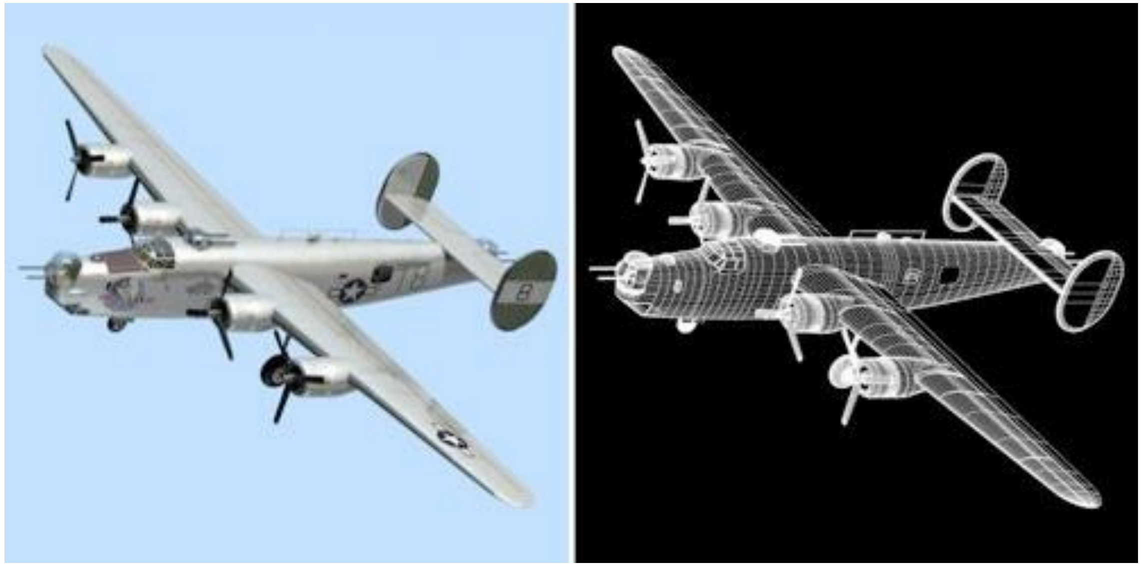
(c) swapna sundar, IP Dome 2013

Sagar Nidhi ORV ice class
Multi disciplinary, dynamic positioning

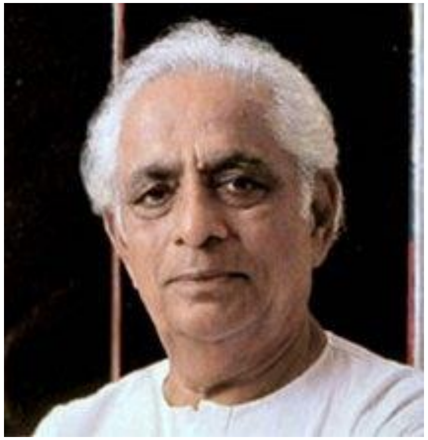
Operated by NIOT – Ministry of Earth Sciences
Designed and built by Fincantieri, Italy

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

(c) Swapna Sundar 2011

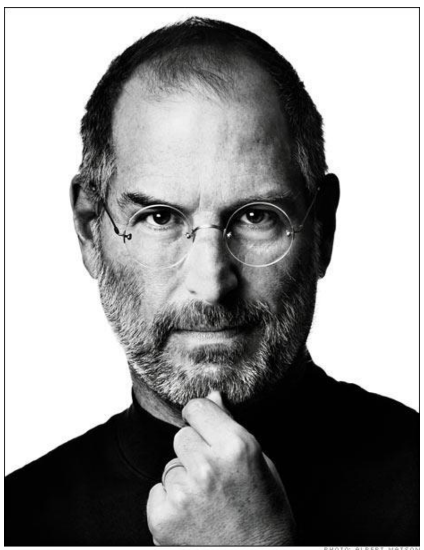


Lockheed Martin forced Turbo Squid a 3D graphics stock image site to remove 3D illustrations of World War II bomber aircrafts on the grounds that it infringed their copyright and Trademark. *What do you think?*



"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

…

Quanta HP, Dell, Compaq, Apple, Cisco

Foxconn (Hon Hai) ipad, Acer, Cisco, HP, Microsoft

Compal Motorola, Lenovo, Dell, imac

Inventec HP, Toshiba, Acer

Wistron Acer, Microsoft

Flextronics Microsoft, Kodak, Ericsson, Lenovo, Dell

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

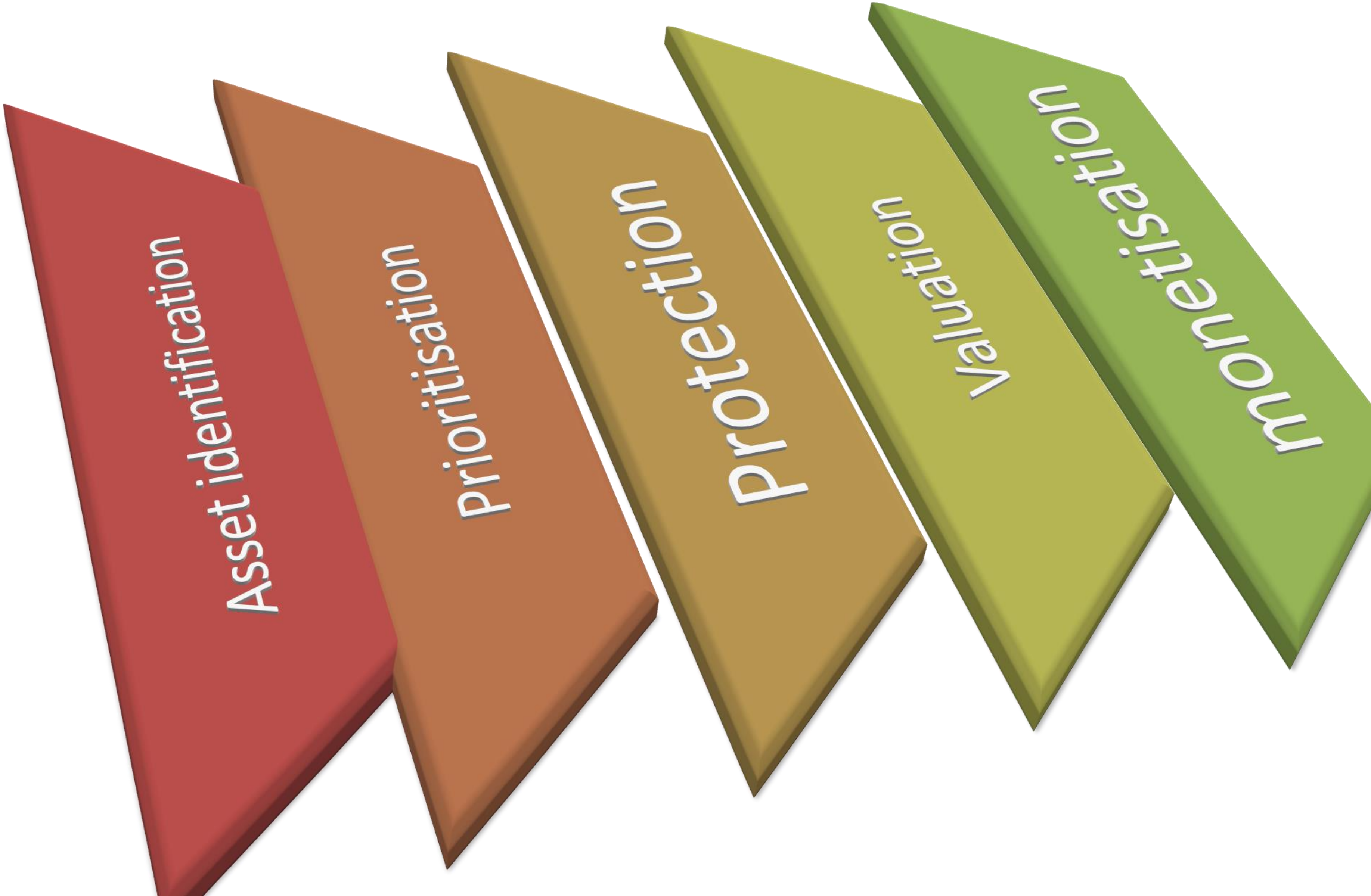
ODMs design & manufacture products which are specified and eventually branded by another firm.

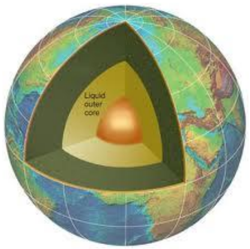
ODM owns and/or designs in-house the products that are branded by the buying firm. ODMs create their own intellectual property and are proactive in patenting it.

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



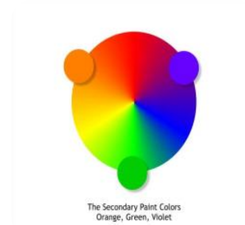


Core:

- 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

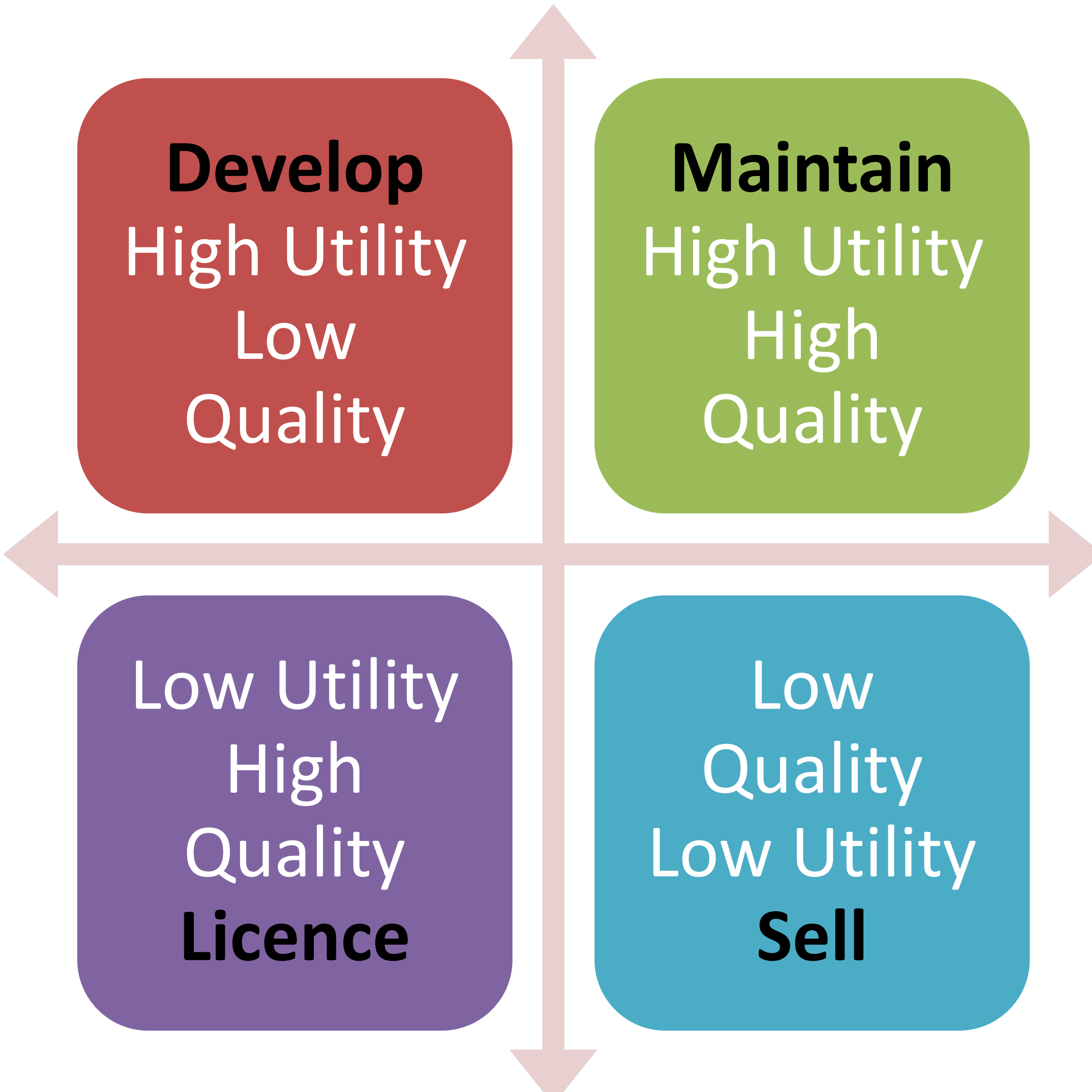
Shared IP

Identify, value and protect

Classify as core / not core

EXPECT THESE TO CHANGE OVER TIME

IP-Maximising Quadrant:



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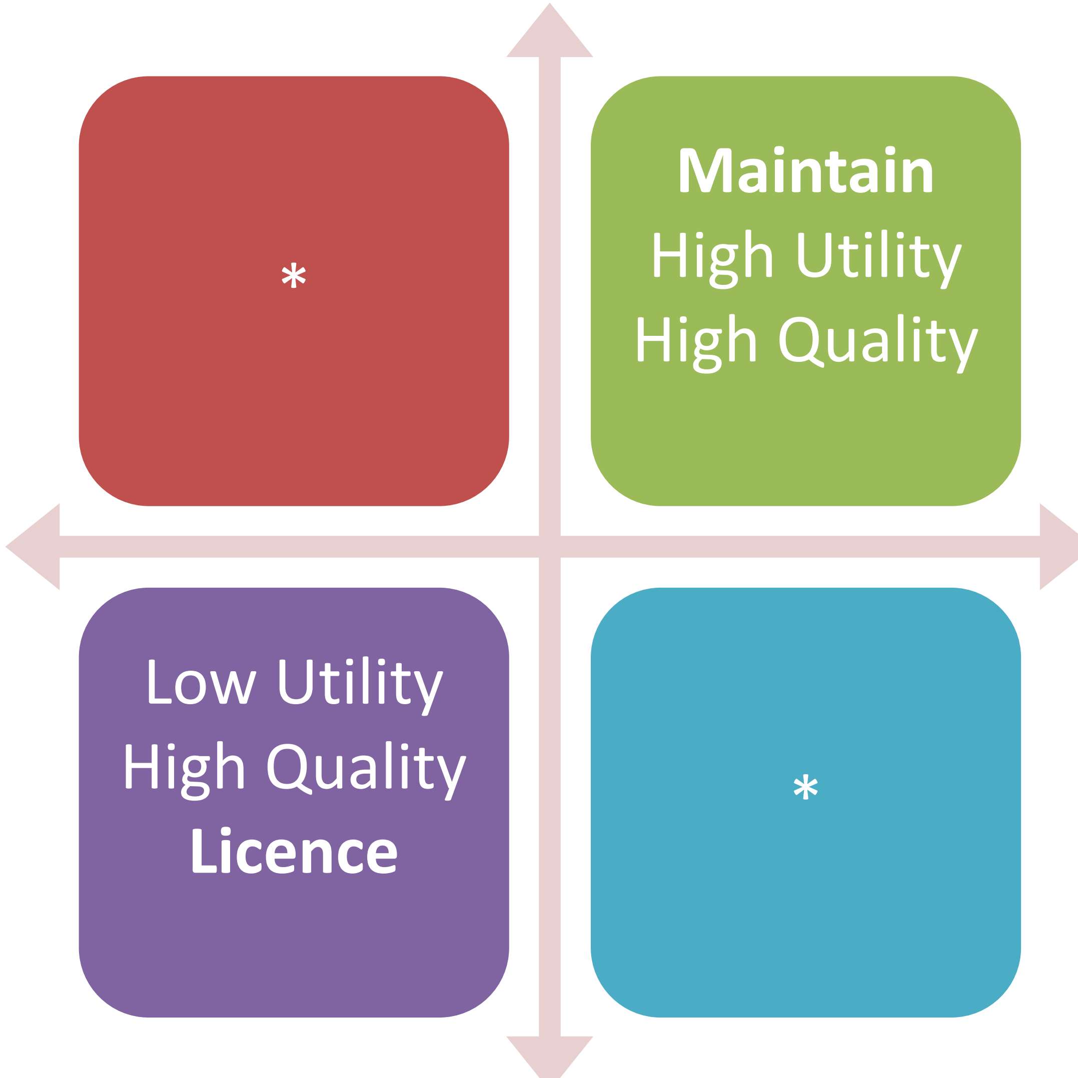
This is where you want to be



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RENAULT NISSAN

The largest economies of scale are always global.

NISSAN

DAIMLER

pulse/micra

Sunny/scala

Global Strategy

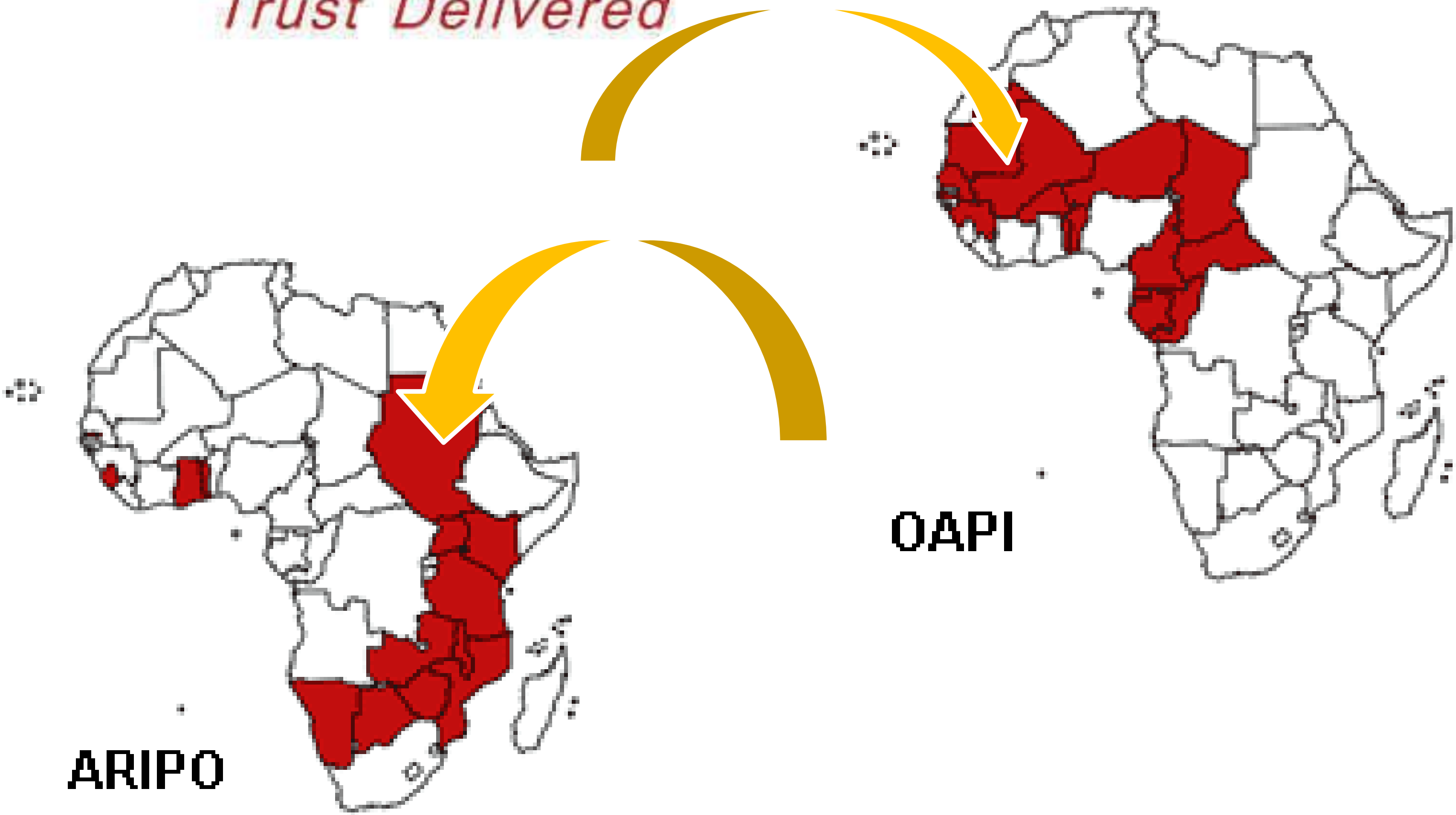
YPayCash

Let your mobile

GEOGRAPHICAL STRATEGIES

emudhra

Trust Delivered



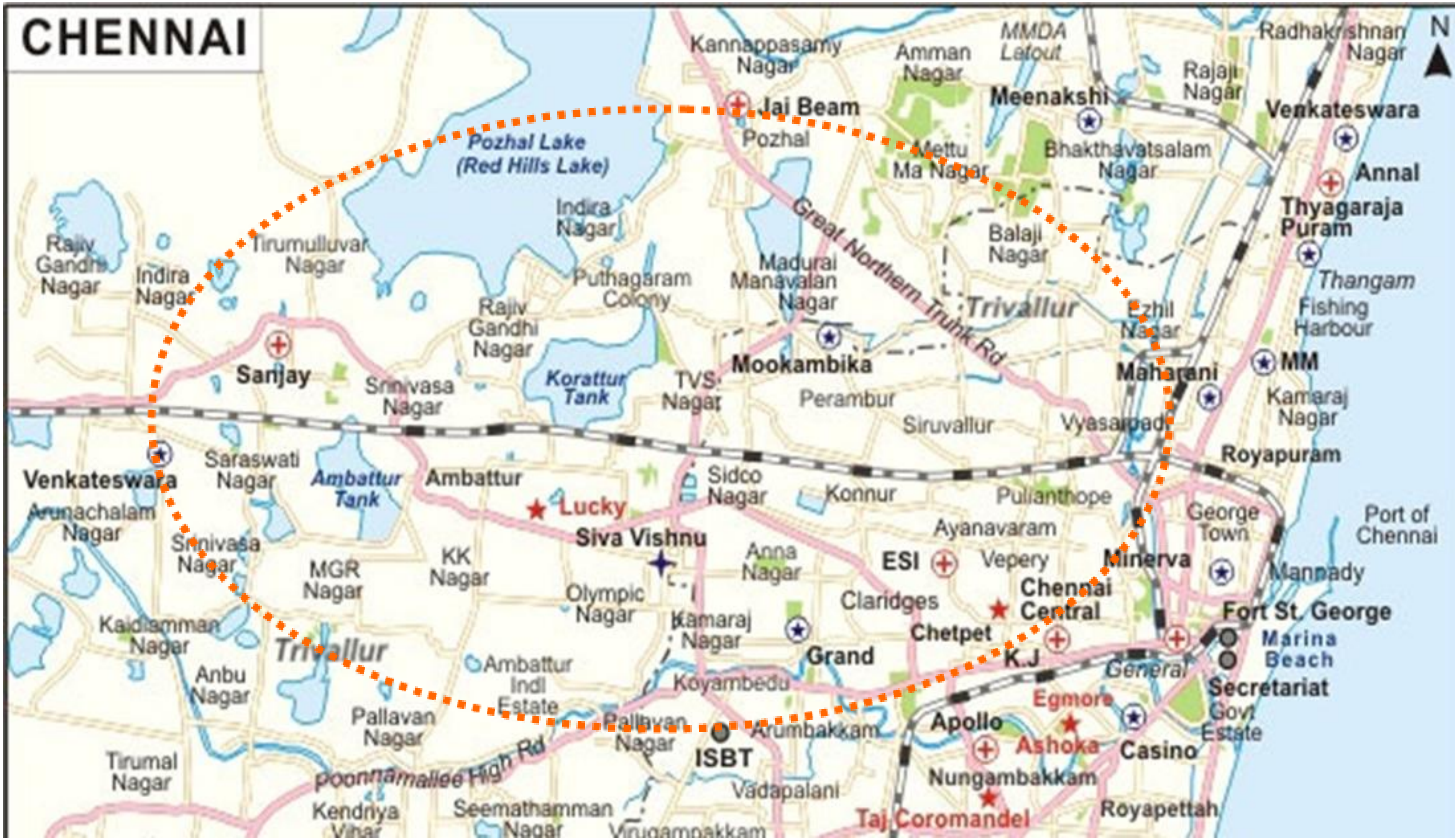

LOCAL STRATEGY

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

✦


COLLEGE
Institution)
University, Chennai
Road,
600 077
TUV NORD
ISO 9001
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


CHENNAI
N
Kannappasamy Nagar
Amman Nagar
MMDA Layout
Radhakrishnan Nagar
Rajaji Nagar
Jai Beam
Meenakshi
Venkateswara
Pozhal
Pozhal Lake (Red Hills Lake)
Mettu Ma Nagar
Bhakthavatsalam Nagar
Annal
Thyagaraja Puram
Indira Nagar
Balaji Nagar
Great Northern Trunk Rd
Rajiv Gandhi Nagar
Tirumulluvar Nagar
Puthagaram Colony
Madurai Manavalan Nagar
Thangam
Fishing Harbour
Trivallur
Ezhil Nagar
Sanjay
Srinivasa Nagar
Korattur Tank
TVS Nagar
Mookambika
MM
Maharani
Perambur
Kamaraj Nagar
Siruvallur
Vyasarpadi
Royapuram
Venkateswara
Saraswati Nagar
Ambattur Tank
Ambattur
Sidco Nagar
Konnur
Pulianthope
Arunachalam Nagar
Lucky
George Town
Port of Chennai
Siva Vishnu
Ayanavaram
Srinivasa Nagar
KK Nagar
MGR Nagar
Anna Nagar
ESI
Vepery
Minerva
Mannady
Olympic Nagar
Chennai Central
Claridges
Fort St. George
Kaidiamman Nagar
Kamaraj Nagar
Chetpet
Marina Beach
Trivallur
Grand
K.J
Anbu Nagar
Ambattur Indl Estate
General
Koyambedu
Secretariat
Egmore
Pallavan Nagar
Pallavan Nagar
Apollo
Govt Estate
Arumbakkam
ISBT
Ashoka
Casino
Tirumal Nagar
Poonamallee High Rd
Nungambakkam
Vadapalani
Kendriya Vihar
Seemathamman Nagar
Virugampakkam
Taj Coromandel
Royapettah

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 classifieds 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.

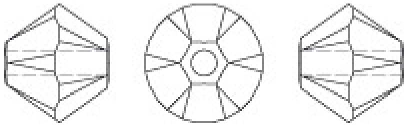
In 1895, Daniel Swarovski pursued his dream of creating a crystal so perfect that it captured both the eye and the heart.

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.

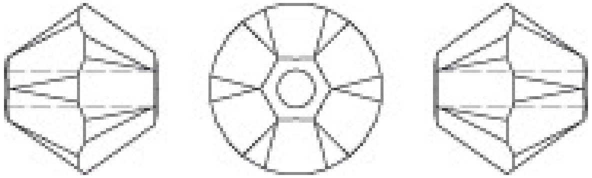
The company draws its richness of expression from the cultural heritage of Central Europe and its talents from *forging links between the arts, science and economics.*

.

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 alreac used to manufacture jewellery stones, Wilhelm Swarovski developed **a novel prism fabrication an grinding process** that he applied in constructing his first 6x30 binoc 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.

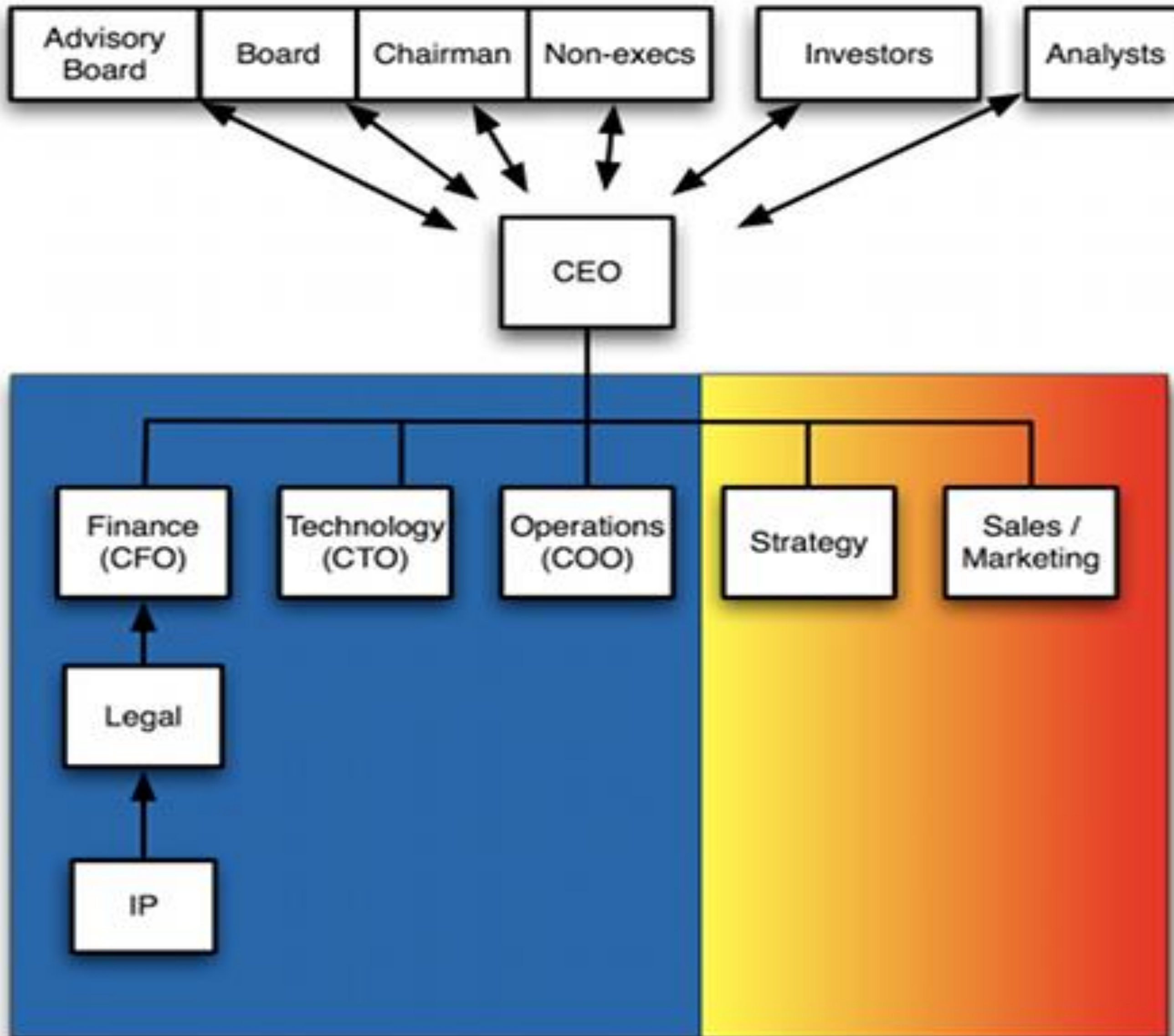
- SWAREFLEX was founded in 1950 to exploit their expertise in glass elements. They produce reflectors and road marking studs with glass elements in a variety of sizes and designs ever since.

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."

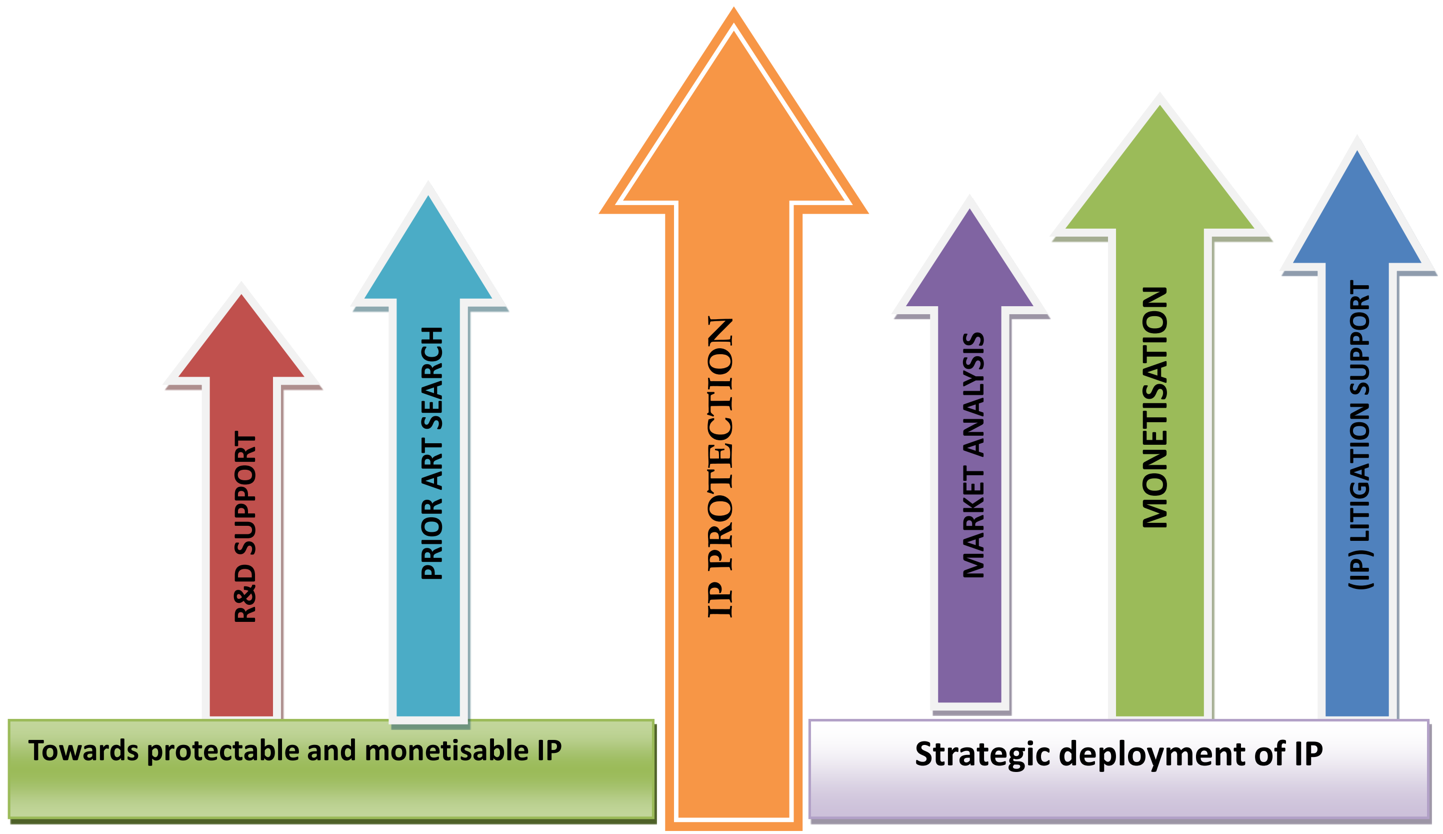
DANIEL SWAROVSKI I
(1862 - 1956)

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

© 2009 ipVA


R&D SUPPORT
PRIOR ART SEARCH
IP PROTECTION
MARKET ANALYSIS
MONETISATION
(IP) LITIGATION SUPPORT
Towards protectable and monetisable IP
Strategic deployment of IP

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/

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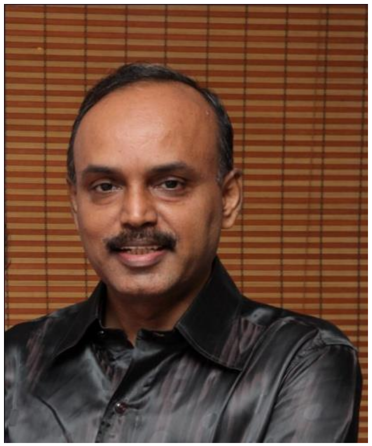
Thank you.
Let's discuss…

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