

Maximizing IP Value through understanding intangible capital

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Oxfirst Webinar Series

January 21, 2015



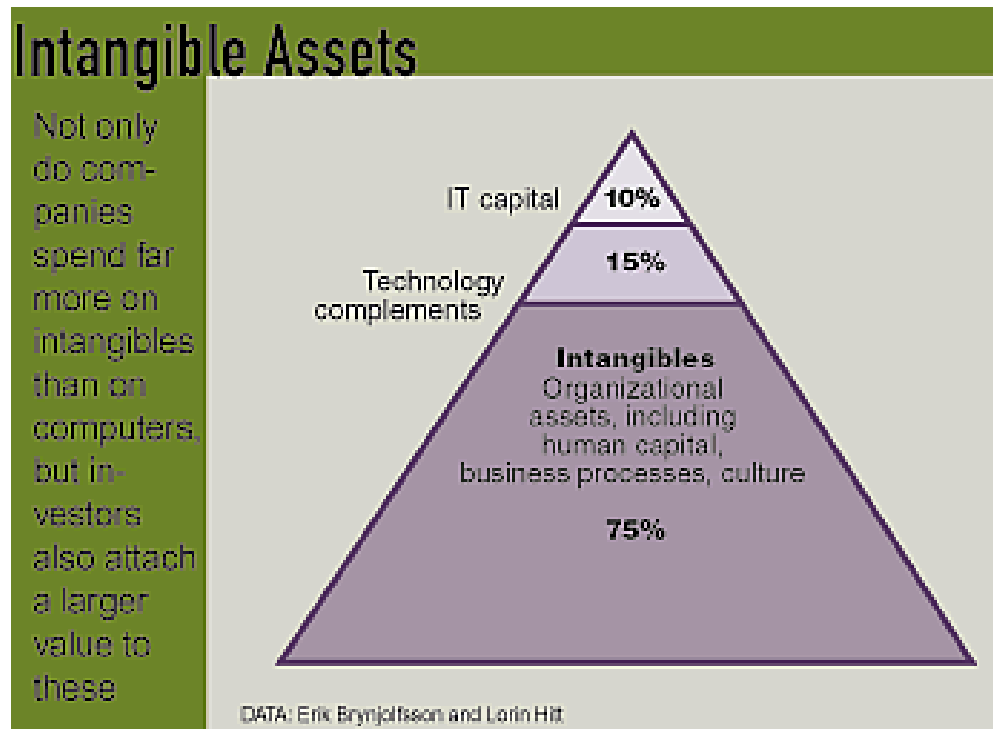
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“We have lots of information technology. We just don’t have any information.”



IT (like IP) is only part of intangibles



Why does IP have different values?



Creating IP Value

Ways of monetizing IP

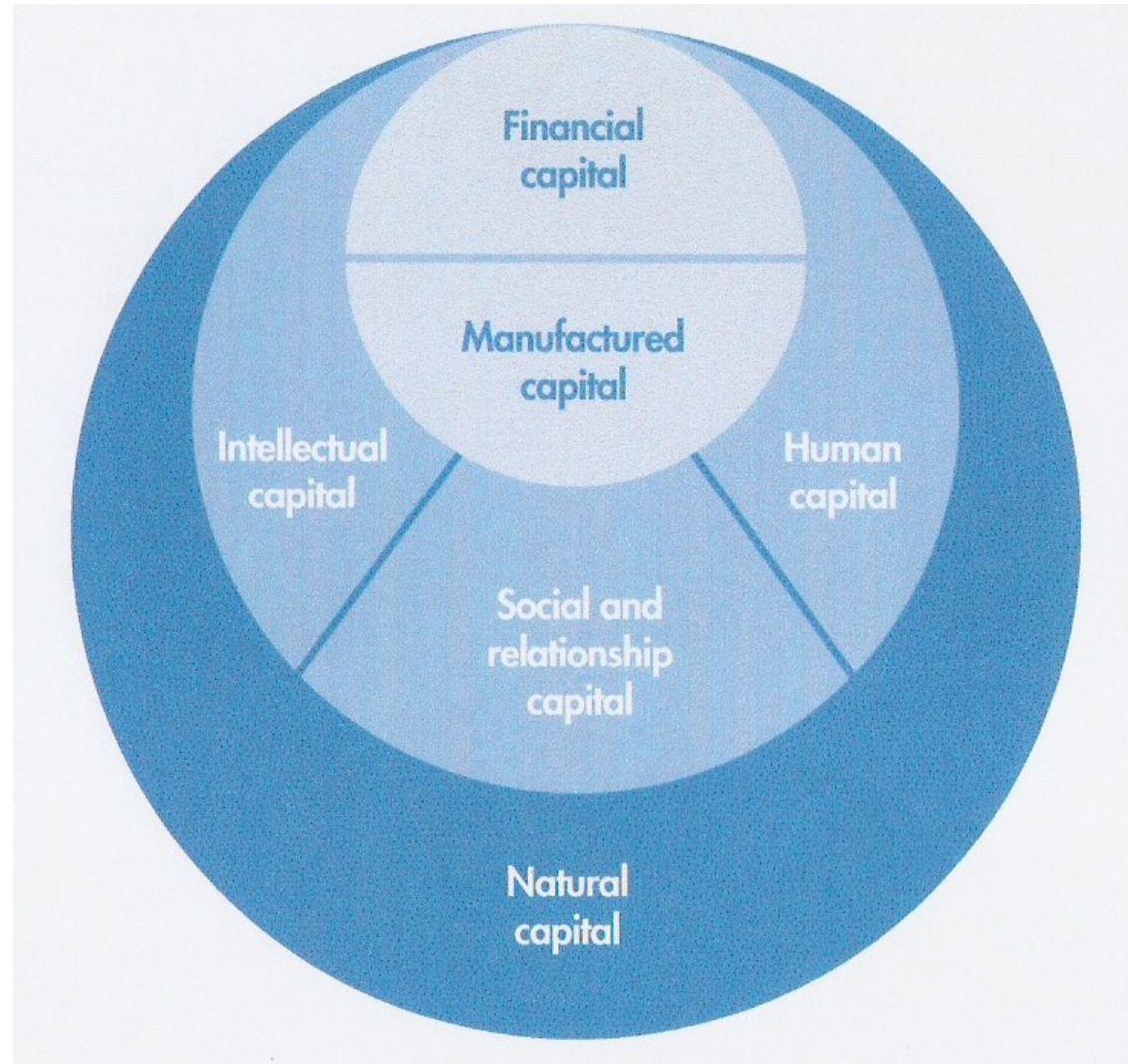
- Internal usage
- Licensing revenue
- External sale

All require going beyond the stand alone IP

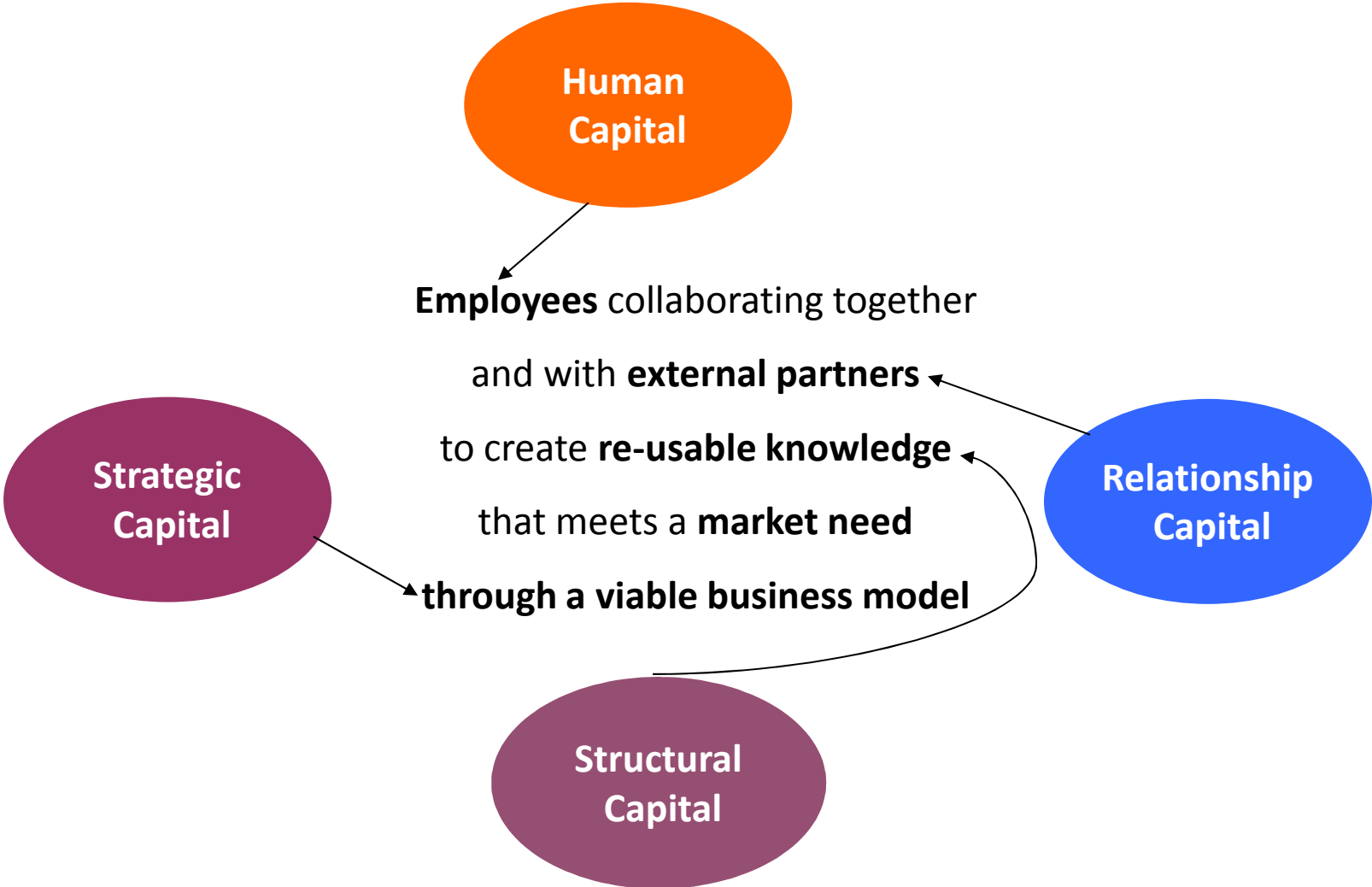
- Understand ecosystem
- Tell story to customers, buyers, investors



Integrated Reporting Framework



Modeling the IP Ecosystem



Source: Mary Adams, ICA@Trek
Mary Adams and Michal Oleksak, *Intangible Capital: Putting Knowledge to Work in the 21st Century Organization*, Praeger, 2010.



How does your IP fit with your IC?

Human Capital

Do your management and employees have the competencies and knowledge needed to successfully exploit and continue to renew this IP?

Structural Capital

Do you have the processes needed to support the production, marketing and sale of this IP?

Relationship Capital

Do you have the right networks to get access to target customers and partners? Is this IP a good fit with your existing brand?

Strategic Capital

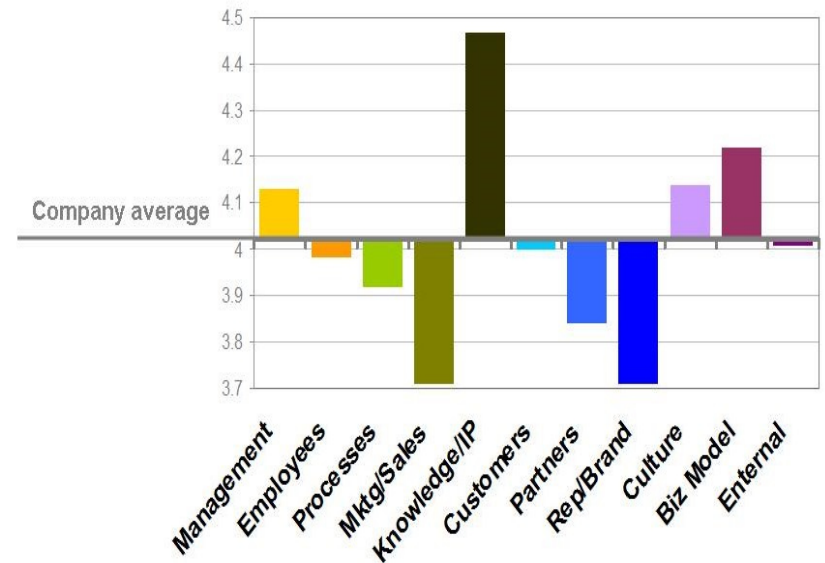
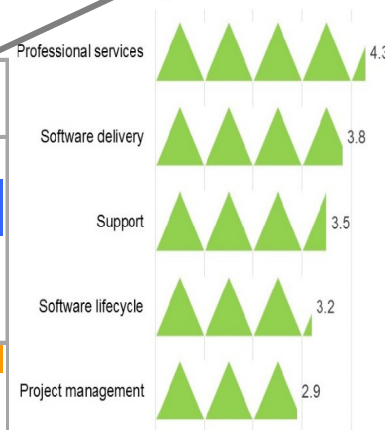
Is there a good market opportunity for this IP and do you have a business model in place to take advantage of this opportunity



Telling the story

PEERS Software providers to hospitals				
BRAND(S) [Company Name]	CUSTOMERS IT departments of middle market hospitals in the U.S.	VALUE PROPOSITION Ensure that the 50-75 software packages running in the average hospital work seamlessly together 24/7.	PROCESSES Software delivery Professional services Support Project management Software lifecycle	PRODUCTION PARTNERS Software platform co
CHANNEL PARTNERS Hardware providers Software consultants Other software co.'s Industry organization Trade shows	STAKEHOLDERS Patients Doctors Nurses Employees	BUSINESS MODEL Offering includes software sold individually or as a suite and services for integration/ installation of software	KNOWLEDGE/IP Five software products Scripts for integration	COMPETENCIES Integration solutions .NET programming Industry platform Interoperability standards Healthcare experience
Revenue		Profits	Op Costs + Tangible + Intangible Capital Expenditures	
Reputation and Valuation				

Key Processes



Why this is important

A manager at a multinational chemicals company set up an experiment related to the valuation of a portfolio of patents. Gave identical information on the portfolio to two different valuation firms.

- One firm came back with a value estimate of \$100 million.
- Other valued the portfolio at \$260 million.

Analysis showed that the difference was attributable to the discount factors used by the two firms reflecting very different perceived risk by the appraisers



Maximizing IP value

