INTANGIBLE ASSETS & FINANCE

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(slides : courtesy WIPO)
Strategic Entrepreneurship and Innovation

- **Entrepreneurship** is concerned with:
  - The discovery of profitable opportunities
  - The exploitation of profitable opportunities

- Firms that encourage entrepreneurship are:
  - Risk takers
  - Committed to innovation
  - Proactive in creating opportunities rather than waiting to respond to opportunities created by others
SIMULTANEOUS REVOLUTIONS

NEW COMPETITORS

NEW RULES OF COMPETITION

INDUSTRY STRUCTURE CHANGES

NEW REGULATORY ENVIRONMENT

THE BUSINESS

NEW POLITICAL AGENDAS

NEW TECHNOLOGIES

NEW EMPLOYEES AND NEW VALUES

EVER INCREASING CUSTOMER EXPECTATIONS
• Understand the value chain of the business and industry

• Understand how profits are generated
  ▫ primary product
  ▫ spare parts and related products
  ▫ service and maintenance

• What are the important features of the IP? How does it add value to the business?

• What are the important features of the industry other than IP?
  ▫ other important intangible and tangible assets in the value chain
  ▫ competitive structure of the industry
  ▫ customer characteristics and purchasing criteria
  substitute products or services
Entrepreneurship drives innovation, competitiveness, job creation and economic growth. It allows new/innovative ideas to turn into successful ventures in high-tech sectors and/or can unlock the personal potential of disadvantaged people to create jobs for themselves and find a better place in society.
Entrepreneurship, in small business or large, focuses on "what may be" or "what can be". One is practicing entrepreneurship by looking for what is needed, what is missing, what is changing, and what consumers will buy during the coming years.
Entrepreneurs have:

- A **passion** for what they do
- The **creativity** and **ability** to innovate
- A sense of **independence** and **self-reliance**
- (Usually) a high level of **self confidence**
- A **willingness** and **capability** (though not necessarily capacity or preference) for **taking risks**
Entrepreneurs do not (usually) have:

- A tolerance for organizational bureaucracies
- A penchant for following rules
- A structured approach to developing and implementing ideas
- The foresight to plan a course of action once the idea is implemented and established
Entrepreneurial Success

1. People (Entrepreneur /Entrepreneurial Team)
2. Opportunity (Marriage of Market and Product/Service)
3. Access to Resources (Land, Labor, Capital, Knowledge)

And the fit amongst these three elements (Business Model)
3 M’s of ENTREPRENEURSHIP

MANAGEMENT

MONEY

MARKETING
Stages of Technology Transfer: From Research Support to Economic Growth

1. **Research Support**
   - Federal
   - State
     - Corporate
     - Endowment

2. **Inventions Disclosure**

3. **Patents**

4. **Startups**
   - New Products
     - Higher Standard of living

5. **Licenses**

6. **Economic Growth**
   - More in Tax Revenues
   - New Jobs
IS A COMPANY READY?

• Business plan?
• Stage of development of the company
• Type of investment?
• Valuation?
• Management team ready?

• Has the management team enough time and energy to raise funds?
• Is the team shaped to talk to investors?
• Does the company know where to go?
Positioning for a Capital Injection

- **Strategy**
  - Business model
  - Resourcing
  - Target investors

- **Valuation / Building value**

- **Capital Injection**
Add value before raising capital

• Documentation and Presentation
• Government grants
• **Intellectual Property Protection**
• R&D Partners
• In principle agreements
  • Licences
  • Customers
The “Ask and Offer”

- Financial Projections
- **Business and IP valuation**
  - Critical negotiating tools
  - Justifies assumptions
  - Forces in depth research
  - Forces decision making
  - Makes you strong and confident
### SOURCES OF START-UP CAPITAL (USA)

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Savings</td>
<td>78.5%</td>
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<tr>
<td>Bank Loans</td>
<td>14.4%</td>
</tr>
<tr>
<td>Family Members</td>
<td>12.9%</td>
</tr>
<tr>
<td>Employees / Partners</td>
<td>12.45%</td>
</tr>
<tr>
<td>Friends</td>
<td>9.0%</td>
</tr>
<tr>
<td>Venture Capitalists</td>
<td>6.3%</td>
</tr>
<tr>
<td>Mortgaged Property</td>
<td>4.0%</td>
</tr>
<tr>
<td>Government Loans</td>
<td>1.1%</td>
</tr>
<tr>
<td>Others</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
START-UP CAPITAL

- 25% start with less than $5,000
- 50% start with less than $25,000
- 75% start with less than $75,000
- Less than 5% with $1,000,000 or more
The Paradox of Access to Finance

- Banks
- Venture Capitalists
- Stock Exchange

But argue that there aren’t enough good projects

What is a good project?
A good project is a project presenting in the eyes of an investor:

- acceptable risk profile
- a good perspective of return

this means:

- access to market = innovation
- profits
Entry Strategies

**New Business**
- Develop a new product or service
- Develop a similar product or service
- Competitive approaches

**Existing Business**
- Buying a business
- Franchise
- Joint venture – customer or supplier
Understanding the Process of Innovation

The Process/Steps of Innovation

- Bright Idea
- Experimental
- Research
- Business Plan
- Proof of Concept

Idea / Concept

- Legal Entity
- Founders = Mgt Team
- Minimal Revenue
- Slow Growth

Seed

- Support Functions
- Administration
- Marketing
- Revenue Growth

Start-Up

- High Growth
- Head Count
- Multiple Cycles

Expansion

- Viable
- Market acceptance
- Heading to IPO or M&A

Pre-IPO

Time

$
The Needs of Each Stage

- **Idea / Concept**
  - Business Plan
  - Prototype/ POC
  - Project Management
  - Business Premises
  - Project Management
  - Management Training
  - Idea / Concept

- **Seed**
  - Corporate and Secretarial
  - Financial
  - Training
  - PR and Marketing
  - Networking
  - Business Development

- **Start-Up**
  - Recruitment
  - Business Development
  - A & P
  - Market Access

- **Expansion**
  - International support and Mkt. Access
  - Diversification strategies and support
  - Recruitment
  - Training and Incentives

**IP Management Needed in all stages**
What does technical strategy integration do?

Naïve questions can lead to profound knowledge:

- **What do we have?** Technical Inventory
- **How do we fit?** Technical Assessment
- **How do we compare?** Competitive Benchmarking
- **What will probably happen?** Technology Forecasting
- **What do we do about it?** Technology Strategy
- **What do we do first?** Product Strategy
Levels of Product

- **Core Benefit or Service**
  - **Core Product**
  - **Augmented Product**

- **Installation**
- **Packaging**
  - **Design**
  - **Features**
- **Delivery & Credit**
- **Warranty**
- **After-Sale Service**
- **Actual Product**
- **Brand Name**
- **Quality Level**
THE PRODUCT LIFE CYCLE

- A reminder that most products do not live forever
- A conceptual framework only
- Difficult to measure where a product is in its life cycle
THANK YOU

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