



Commercialisation strategies for technology entrepreneurs: The impact of IP Strategy

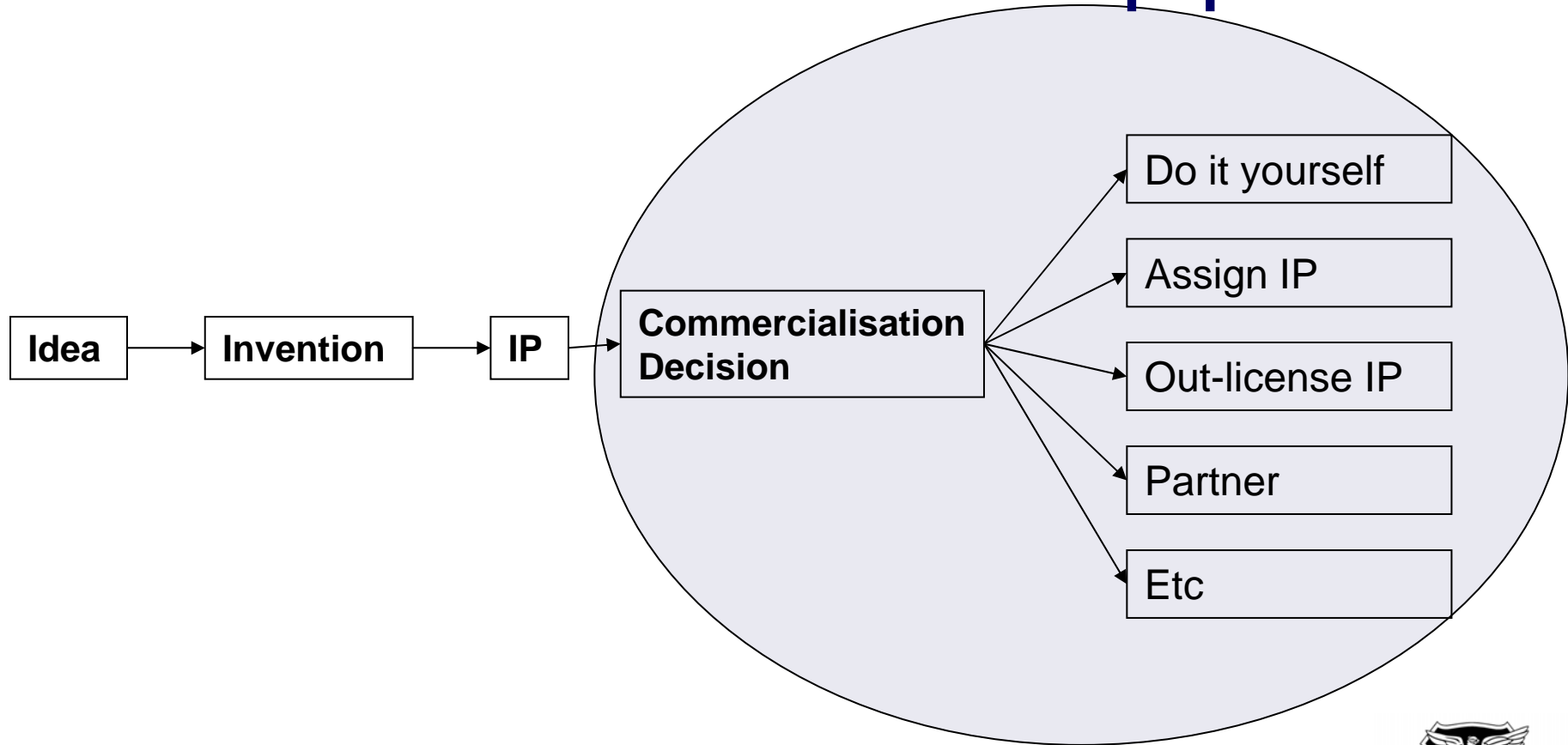
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The 'commercialisation pipeline'





How are commercialisation strategies actually chosen?

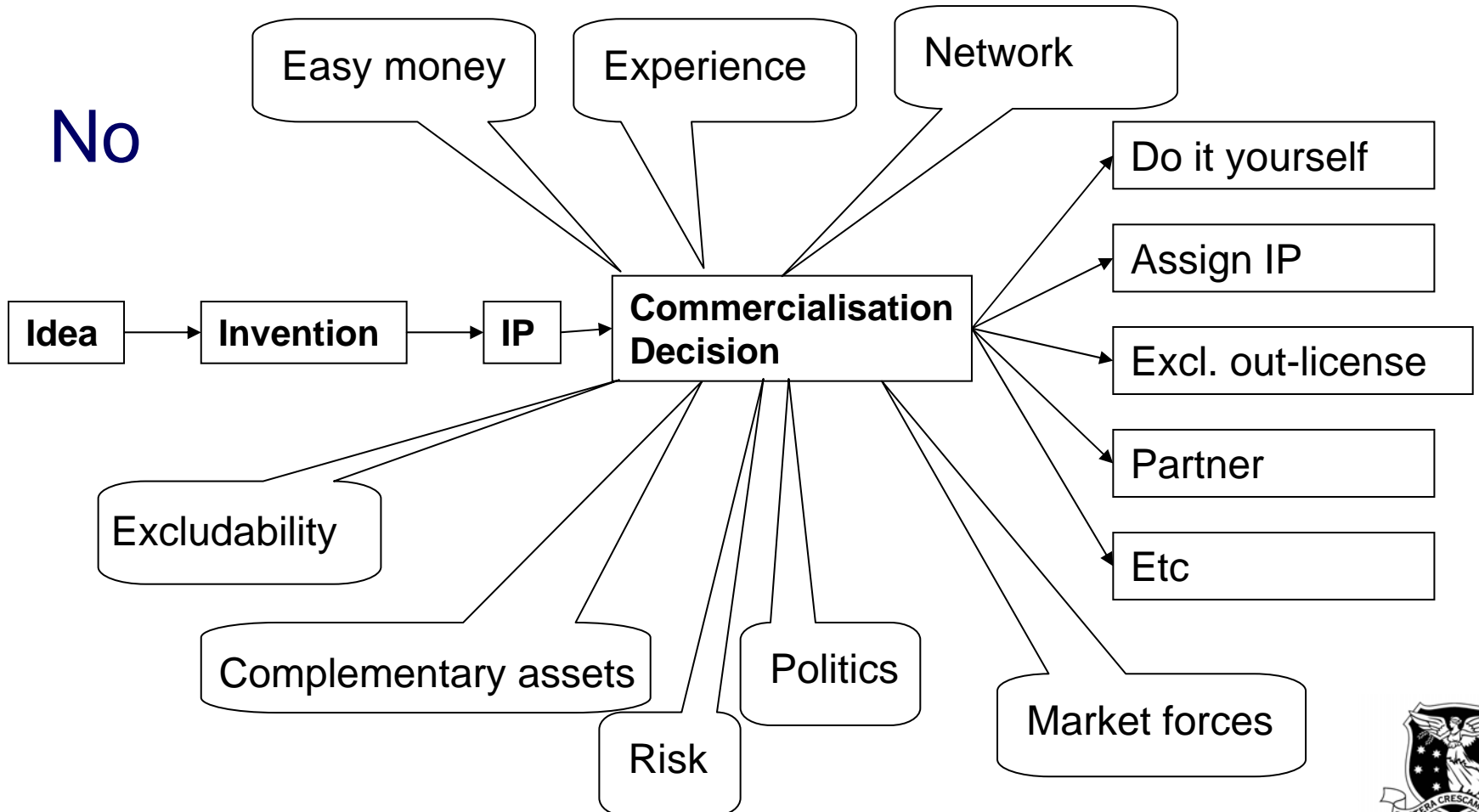
- ◆ Ability to exclude incumbants¹
- ◆ Complementary asset environment¹
- ◆ Others
 - Go where the easy money is
 - Past Experience
 - Internal constraints & politics
 - Business network of the entrepreneur
 - Risk adversity
 - Market forces
 - etc





A simple process?

No





IP Strategy

- ◆ ‘Using IP to achieve commercial objectives’
 1. What are our commercial objectives?
 2. How are we going to get there?
 3. How can IP leverage our efforts?
 4. (Iterative)
- ◆ Tonight, we’re looking at:
 - commercialisation strategy
 - for technology entrepreneurs



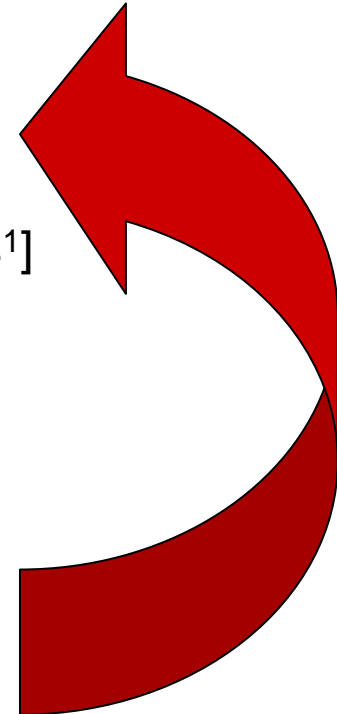
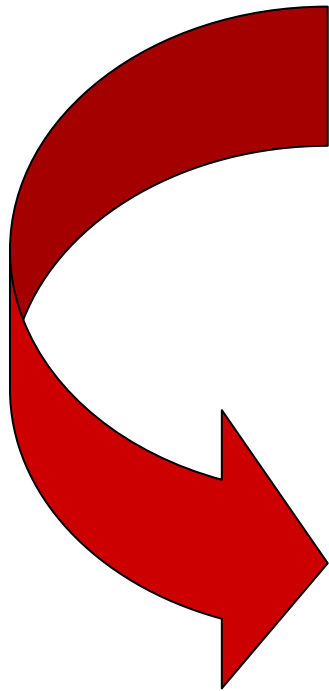


Commercial environment

- (business plan for the opportunity)
- Ownership / structure
- Finance
- Resources [complementary assets¹]
- Market characteristics
- 'Competition'
- etc

IP Strategy

- [Excludibility?¹]
- (eg. patents)
- Scope of claims
- Remaining term
- Geography
- (validity)





Simplistic example

- ◆ Inventor = Researcher at a University
 - (With no commercialisation experience)
- ◆ Agreed commercial objectives
 - Get the invention out into the public
 - And make some money from it
- ◆ More detail - priorities
 1. Invention in use by public within 5 years
 2. Maintain involvement
 3. 'Supplement research funds'





Simplistic example

Commercial environment	Simplistic Example
Ownership / structure	Spin-off company 50:50 Univ. / Inventor
Finance	Self finance & Angels - \$100k
Resources [complementary assets ¹]	University assistance, Acad. network
Market characteristics	2-3 retailers in world. Expect 30% of USD 10m market pa
'Competition'	Existing technology sold by incumbents
IP Strategy (eg. 1 patent & confid. info)	Simplistic Example
Scope of patent claims	Narrow - New way to fix old problem
Remaining term	20 years (PCT just filed)
Geography	All PCT Countries
(Validity)	Strong – (opinions & searches)





Simplistic example – do it yourself?

- Probably not
- ◆ IP Strategy reasons
 - Freedom to operate? (Clearance required)
 - Ability to enforce IP?
 - etc
- ◆ Other
 - No experience
 - No complementary assets
 - No interest
 - etc





Simplistic example – Assign IP?

- Probably not
- ◆ IP Strategy reasons
 - Simple and (relatively) quick
 - How valuable is a just-filed PCT application?
 - How to transfer confidential process?
 - etc
- ◆ Other
 - Doesn't meet 1 of commercial objectives
 - Maintain involvement
 - Lose control over getting to market within 5 years





Simplistic example – Suggestion

- Partner & funded co-development
- IP Strategy reasons
 - Reflects valuation of current IP ‘portfolio’
 - Freedom to operate
 - Ability to enforce IP
 - Close connection = better monitoring of revenue
 - etc





Simplistic example – Suggestion

- Other
 - Complementary assets of Partner
 - Marketing,
 - manufacture,
 - supply etc
 - Experience of Partner
 - etc





Simplistic example(2)

Commercial environment	Simplistic Example
Ownership / structure	Spin-off company 50:50 Univ. / Inventor
Finance	Self finance & Angels - \$100k
Resources [complementary assets ¹]	University assistance, Acad. network
Market characteristics	<u>Many retailers (depending on field). In core fields, expect 10-20% mkt share</u>
'Competition'	Existing technology sold by incumbents
IP Strategy (eg. 1 patent & confid. info)	Simplistic Example
<u>Confidential information</u>	<u>Low cost manufacture process</u>
Scope of patent claims	<u>Broad – applies across many fields</u>
Remaining term	<u>21 years (Provisional just filed)</u>
Geography	<u>? - All PCT Countries</u>
(Validity)	Strong – (opinions & searches)





Simplistic example(2) – Suggestion

- Further develop then field-specific out-licenses
- IP Strategy reasons
 - Leverage broad applicability of technology
 - Provisional application may not be highly valued
 - Marketing benefits multiply with multiple licensees
 - Freedom to operate
 - Ability to enforce IP
 - etc





Simplistic example(2) – Suggestion

- Other
 - Leverage your own complementary assets
 - R&D to build a 'field-specific' IP portfolio
 - Low-cost manufacture process
 - Develop a strategy for this (too late to patent)?
 - Protection for out-licensing?
 - Complementary assets of each licensee
 - Experience of each licensee
 - Greater chance to meet all 3 goals
 - Market in 5 years
 - Maintain involvement
 - Research funds
 - etc





Take home

- Not rocket surgery
 - Clearly define commercial objectives
 - Devise commercial strategy to achieve them
 - IP Strategy to leverage
 - Iterate





Bibliography

1. *The Product Market and the Market for 'Ideas': Commercialization Strategies for Technology Entrepreneurs; Joshua S Gans and Scott Stern, IPRIA Working Paper No. 05/02*





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