



IP Valuation Symposium

Budapest 27-28 November 2008

IP

IP Valuation Services

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coller *ipmanagement*™

Worldwide Trends

- IP registration is growing massively
 - number of new patents doubles each decade
- 80% of company value is now in intangible assets
- Manufacturing is moving to emerging economies
 - IP is key to value generation and economic growth
- In USA IP litigation is prominent
- Developing countries are recognising the importance of IP
 - Europe must stay ahead

...in a Credit Crunch!



IP is buried treasure...

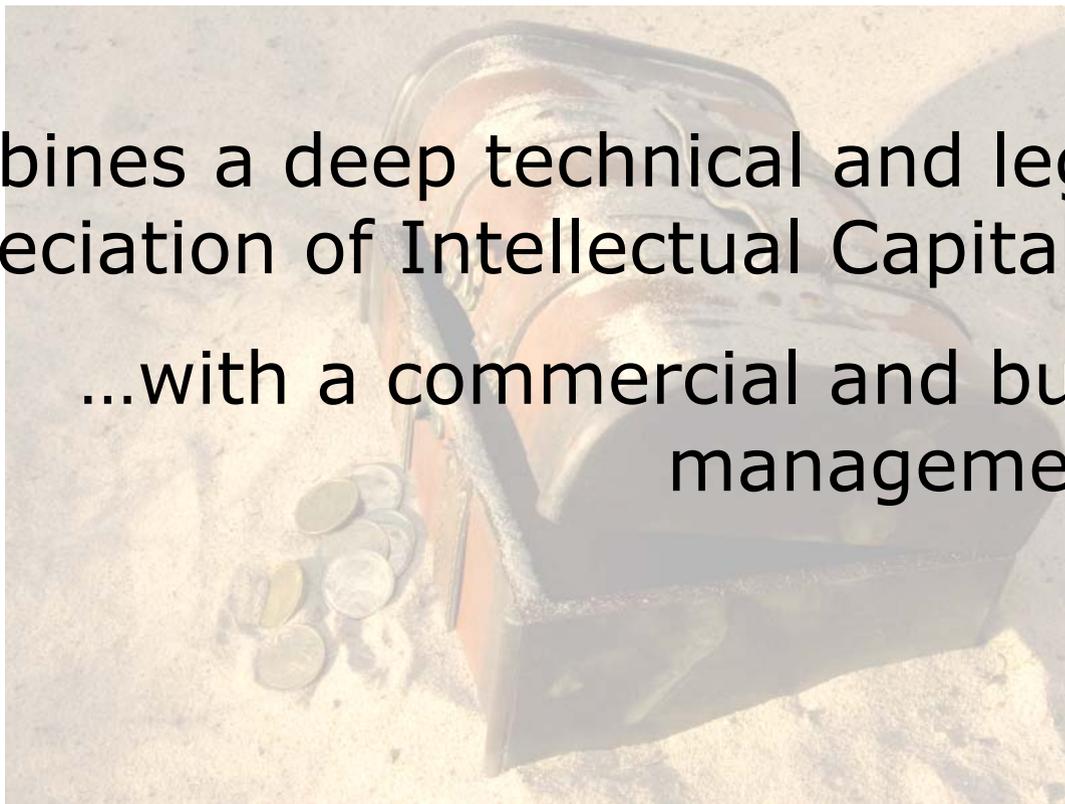


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Coller IP Management Ltd.

Combines a deep technical and legal appreciation of Intellectual Capital...

...with a commercial and business management eye

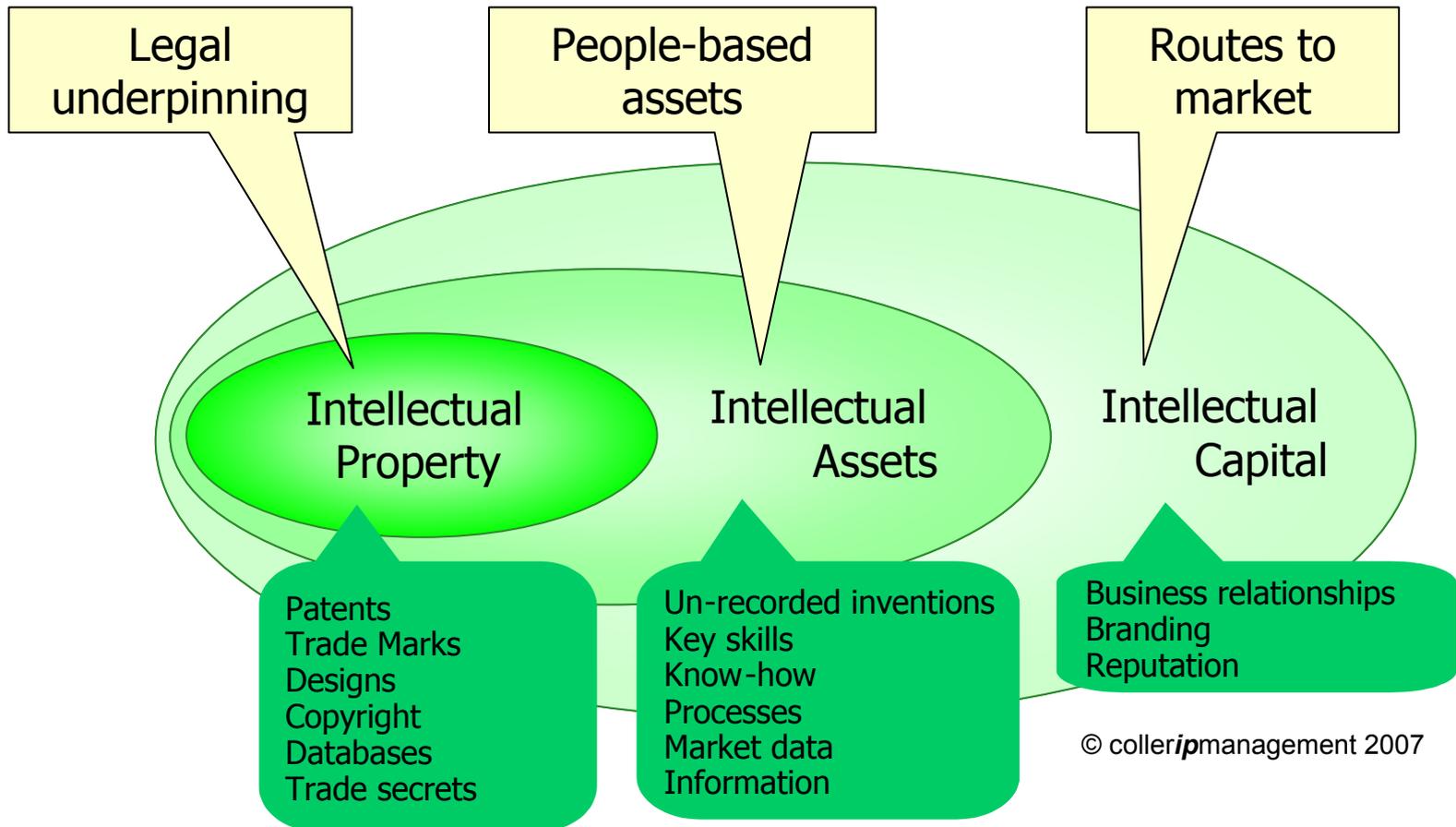


Coller IP Management Ltd.



IP recognised as a tradable asset

The Value of Intellectual Capital...



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When is IP valued?

- Business planning
- Raising investment
- Licensing negotiations
- Preparing for sale
- Post-acquisition/Balance Sheet
- IP trading activities

...and for taxation!

Our skills and experience

- Experience in science, technology and wider IP commercialisation
- Patent and Trade Mark Attorney team
- IP searching and analysis
- Business development
- Market analysis
- Business modelling
- Portfolio evaluation and IP valuation
- Commercial agreements and negotiation

...a team approach

Our clients

- Technology businesses
 - Corporates
 - Start-ups
- Investors
 - Early-stage
 - Second-round
 - Portfolio
- R&D organisations
 - Universities
 - Research Institutes
 - Trade Associations

Absolute Robotics Ltd	ABSL Power Solutions Ltd
Accentus plc	AEA Technology plc
AFC Energy	Building and realising value from IP
Biojoule Ltd	
CompactG	
Endocrine	
ERG (Air Pollution Control) Ltd	ESR Technology Ltd
The Fair Trade Furniture Co Ltd	Fife Batteries Ltd
Harwell Dosimeters Ltd	Icos Capital Management BV
Intellectual	Quantifying IP value and IP risks
Junkk.com	
MAPS Tec	
National P	
New Venture Partners LLP	NewVoiceMedia Ltd
NuVision Engineering Inc	Oxford Capital Partners
PegasusBridge Fund LLP	Pisys Ltd
Prosonix Ltd	SAI Group Ltd
Royal Sha	utions
Scottish E	be Ltd
Stanelco p	
Thames V	
University of Durham	University of Newcastle
University of Southampton	Ultimate Sports Engineering

Commercial evaluation of IP

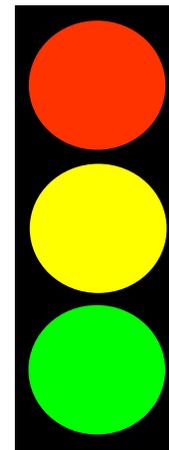
- Traditional Due Diligence approach:
 - Identifying 'tangible' IP
 - Confirming status and ownership
- Emerging approach:
 - How IP maps to the market
 - Alignment with business plan
 - Identifying opportunities and risks
 - Downside value



Different Investors - different requirements

Initial (light) evaluation

- What is the technology behind the products?
- What IP is held?
- Are patents granted?
 - in what territories?
- Are inventors available to support future development?
- Other supporting IC
- Obvious show-stopper risks?



PegasusBridge Fund Management

- Focus on early to late-stage technologies with dual-use: defence and civilian leading-edge applications
- Ideally, invests in companies with a protected core proposition, usually with strong underlying IP
- We provide firm opinions to PegasusBridge on:
 - strength of the IP and associated development team
 - robustness of the IP in the competitive IP Landscape
 - associated commercial risks

"We value the opinion that Coller IP Management provides, as it consistently delivers a concise first-cut review specifically designed to identify potentially deeper issues without requiring a major upfront cost"

Dr Richard Leaver, CEO, PegasusBridge Fund Management

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Detailed valuation

- Detailed review of patent portfolio
 - Technology differentiation and market cover
 - How claims map to product(s)
 - Competitive landscaping
 - Citation analysis
 - Patent clustering
 - Potential for additional value
- Business plan evaluation
- Royalty rate benchmarking

Icos Capital

- IP-based review of a technology business:
 - assess the IP landscape close to the technology developed
 - review the robustness of the business's patent applications
 - provide a valuation on the basis of market benchmarking, to assess the royalty rate in a proposed IP assignment agreement.
- We uncovered substantial new information about the market, technology developments and relevant third-party patents.
- We took account of technology and market factors and comparable licensing deals, to provide a royalty benchmark for the agreement.

"Your report was excellent and provided just what we needed. This information proved of great value to Icos Capital during negotiations and for the company in their IP/patent roadmap development." - Nityen Lal, General Partner

Formal risk assessment

- Detailed analysis of competitor IP
- Assessment of potential partners
- Freedom to operate risk assessment and opinion
- Validity opinions
 - Investee IP
 - Key third-party IP
- Litigation evidence

IP development company

- Innovative company developing a strong and growing IP portfolio; preparing for a major fund-raising round and questions from potential investors.
- Patent portfolio critical to commercial success; important to understand its robustness in a challenging market.
- Client needed clear and formal patent attorney opinions under strict confidentiality:
 - quality of their patent portfolio ('Validity Opinion')
 - risks of infringing competitor patents ('Freedom-to-Operate')
- Both types of opinion require thorough searching of published patent documents to find related patents, along with a thorough technical and legal claims analysis.

IP development company

- Validity Opinion: client's portfolio was robust and well-differentiated from pre-existing patents and other publications.
- Freedom-to-Operate Opinion: no unmanageable risks of infringement, although it revealed competitor patent applications requiring surveillance through the examination process.
- The combination provided strong evidence for investors of the robustness of the portfolio and an understanding of IP risks.
- The information also contributed to a thorough management review of the portfolio. It highlighted where additional patent filings were recommended to maintain and strengthen their edge over competitors.

Portfolio evaluation

- Market sector coverage
- Most patents are of limited value
- A portfolio may contain a few patents that dominate the value
- Can these be identified up front?

Indicators of value

- Citation analysis
- Clustering – technology similarity
- Seminal patents
 - e.g. 'state of matter' or fundamental solutions to problems
- Timeliness
- Hi-value technology sectors
- Strong inventorship

Portfolio value realisation

- Selling patent (sub)portfolios to market entrants/minority players
- Managing risks of infringement in a crowded technology space
- IP collateral for cross-licensing
- Patent assertion/litigation
- Emergence of IP trading – auctions and exchanges
- eBay!

Coller IP Management

Deep appreciation of Intellectual Capital
with a commercial eye

- IP Analysis and Commercialisation
- Patent and Trade Mark Attorney Services
- Valuation and Opinion
- Brokering
- Invention House

www.collieripmanagement.com



IP

...realising value from intellectual capital
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