

IP valuation for technology transfer

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Supporting Innovation: Intellectual Property (IP) valuation at the Hungarian Patent Office

- IP valuation methodology toolbox and service development

- IP Valuation Pilot Project

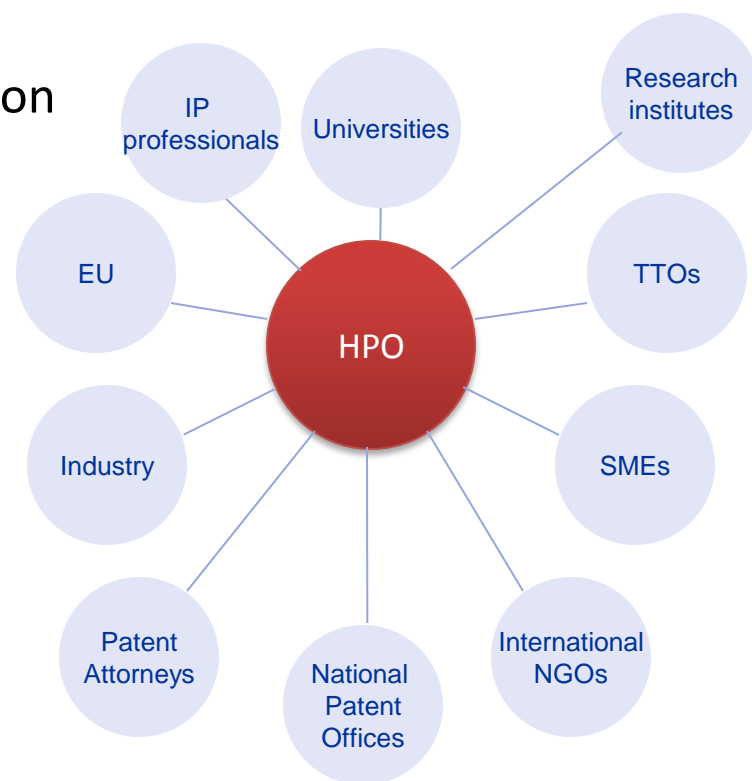
- Dissemination of information about IP valuation

- Events and seminars

- IP Valuation Forum

(English language website:

<http://ipvaluation.hpo.hu/>)



Target audience for IP valuation initiatives

- Innovative small and medium sized enterprises (SMEs)
- Research institutes / universities (+ technology transfer offices)
- Government granting bodies (administering R&D grants)



Technology transfer

“ involves the assignment of technology, developed and generated in one place, to another through routes such as technology licensing, franchising or establishing spin-off entities ”



Increasing the efficiency of technology transfer

Identified obstacles:

- Insufficient information available to professionals
- Insufficient communication (internal and external)



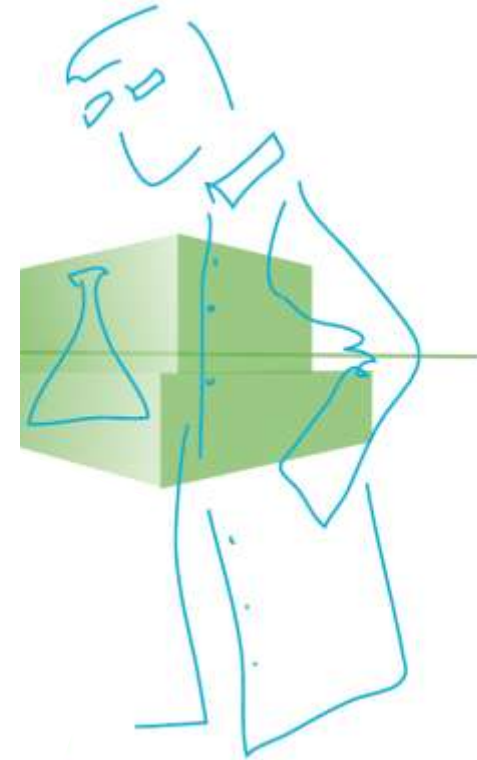
IP valuation can be used as a tool
by **research institutes** and
technology transfer offices to
facilitate successful technology
transfer



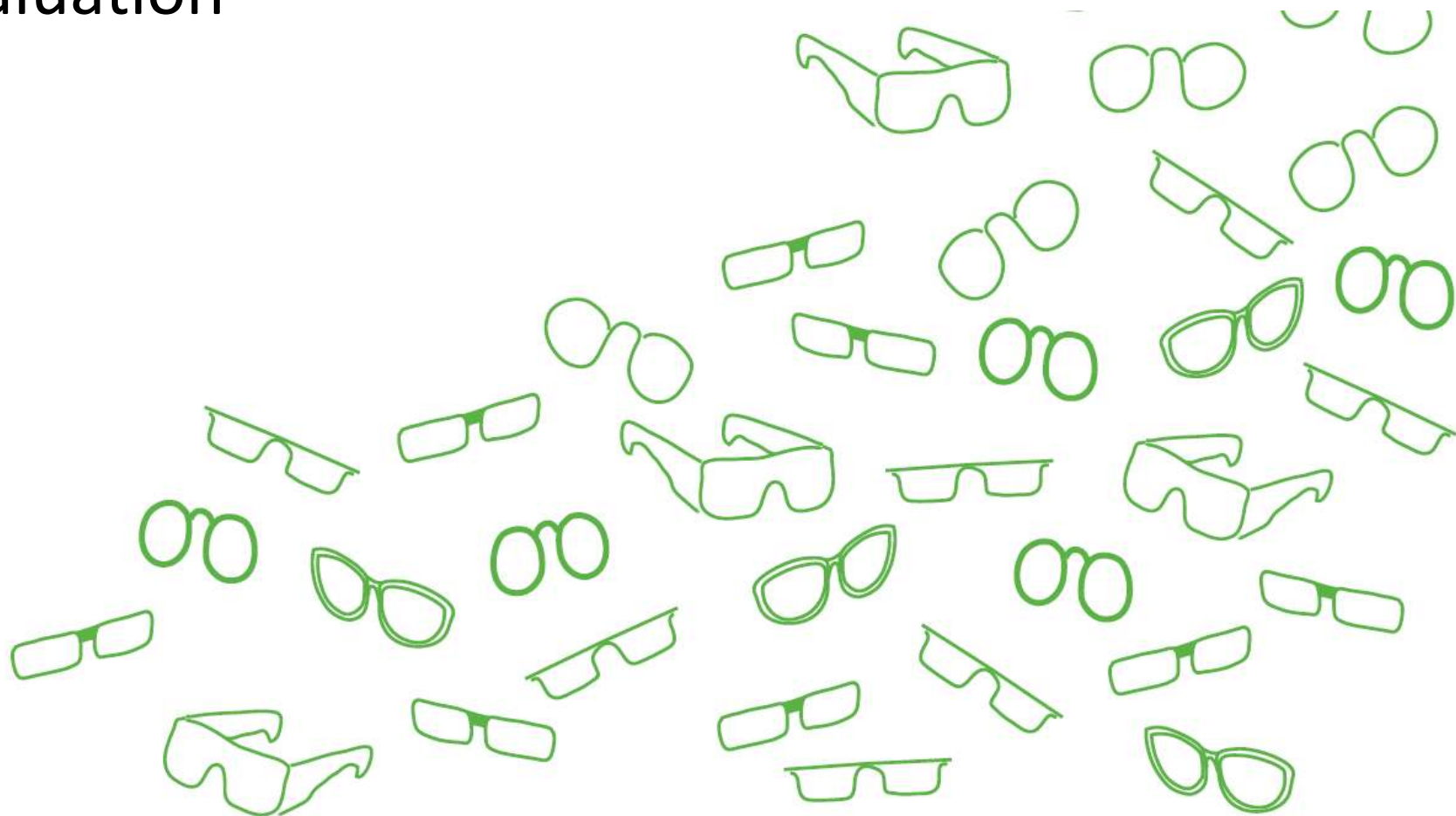
Value orientated thinking and IP valuation

The conscious and systematic identification, assessment and analysis of IP assets / IP asset portfolios

- Rating, scoring of assets
- Quantification of asset value



4 reasons for conducting an IP valuation



1. Decision-making

-Making well-founded managerial decisions related to the IP asset at key phases during the technology transfer process

**„You can't manage
what you can't measure.”**

Peter Drucker, author and management professional



- **Research and development phase**
 - Choice of research direction
 - Resource allocation decisions
 - Invest funds into proof of concept, prototyping etc.?

- **Protection phase**
 - Disclosure, initial patent application
 - Further patenting phases (PCT, other patent jurisdictions)

- **Transfer phase (eg. spin-off formation, licensing out)**
 - What is the most efficient TT route (of generating income)?
 - Terms and conditions of partnerships
 - Benchmark values for use in negotiations

Spin-off company formation

“ can involve the injection of external capital into a spin-off and, therefore, the allocation of shares between the investor and the research institute. The shares are allocated according to the value put into the company by each party; money from the investor and IP as contribution-in-kind from the research institute. ”

Licensing-out

“ Often, the calculation of license terms such as minimum royalties, lump sum payments and royalty rates are linked to the income (or cost savings) attributed directly to the IP asset being licenced.

”



2. Communication

- Communicating the significance of research results internally within the institute and externally to partners

- Internal communication (“buy-in”)
- Communication with investors
- Communication with potential partners, licensees

3. Value Creation

- Adding value to IP assets during development and transfer

- Identification of key uncertainties surrounding the technology
- Issues can then be addressed and corrected
- Making IP more valuable before negotiating with potential license partners



4. Indicator / monitoring

- A useful way to measure whether research funding is efficiently allocated to R&D projects

“ As public funds have been largely employed in the creation of IP, there is substantial expectation that benefits should accrue.

”



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The future of IP valuation at the Hungarian Patent Office

- Assisting value orientated thinking at research institutes and technology transfer offices
- Joint development of IP valuation tools with partners
- Methodology standardisation initiatives
- Cost reduction initiatives



Thank you

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