

# Are you getting the most out of your Intellectual Assets?

Traditionally, organisations have focused on achieving a return from tangible assets and financial capital. In today's innovation economy, successful companies understand the potential value of intangible assets, in particular intellectual property, and the importance of managing these effectively.

In the US, intangible assets account for >85% of the market value of S&P500 companies, while in Australia, it is estimated that intangible assets account for at least half the market value of the majority of ASX 200 companies. However, despite recognising IP as crucial to their success, few Australian companies are using their intellectual assets (IAs) effectively. Watermark identifies five critical elements essential to optimising the value of your IAs.

## 1. Integrated business and intellectual asset strategies

Where IP has no clear links to your business, it is a cost without benefit. Successful companies ensure that IP strategies and policies are fully aligned and integrated with their business strategy, and are communicated clearly throughout their business. Intellectual asset management (IAM) is then a companywide function incorporating, informing and enhancing other business functions, including R&D, product development, HR, finance, sales and marketing.

## 2. Creation and capture

IAs must be identified and codified before they can be protected. Successful organisations encourage and develop an innovation culture, establishing processes and devoting resources to stimulate, nurture and manage intellectual asset creation and collection. They regard IP as a core component of intellectual capital and a key performance indicator.

## 3. Protection and management

Most companies today understand the value of protecting IP as a defensive strategy, but few companies manage their IAs proactively.

Sound management includes:

- a full inventory of all IAs detailing status and value to the company
- use of patent mapping and monitoring services to understand competitor activity and identify opportunities

- processes for evaluating competitor and market information and aligning R&D with market opportunities
- processes for evaluating IP in relation to business strategy
- maximising value from service providers
- 'evergreening' strategies – extending IP term

## 4. Measurement and evaluation

A valuable IA portfolio is one which is not measured by quantity alone. The scope of proprietary protection must be understood, geographic alignment of IP and commercial activities is required, and an understanding of the company's freedom to operate the technologies is essential. Effective business utilisation of IAs will only be achieved based on a realistic valuation of the true financial worth of the assets, and an understanding of this value in the context of corporate objectives.

## 5. Value extraction - commercialisation

IA accumulation is not an end in itself. IAs are only valuable if they positively contribute to shareholder value. Commercialisation may involve divestment, licensing, joint ventures, alliances, strategic trades or direct exploitation. Companies must be prepared to assert their rights in court if necessary.

Watermark can assist your organisation in:

- analysing your current structures and processes for IAM
- determining your IAM objectives
- developing IAM strategies aligned with business strategy
- identifying and implementing best practice processes

For more information contact your Watermark attorney.

### Victoria

T +61 3 9819 1664

### New South Wales

T +61 2 9888 6600

### Western Australia

T +61 8 9325 1900

E [mail@watermark.com.au](mailto:mail@watermark.com.au)

W [www.watermark.com.au](http://www.watermark.com.au)

B [www.intellectualassetmanagement.com.au](http://www.intellectualassetmanagement.com.au)

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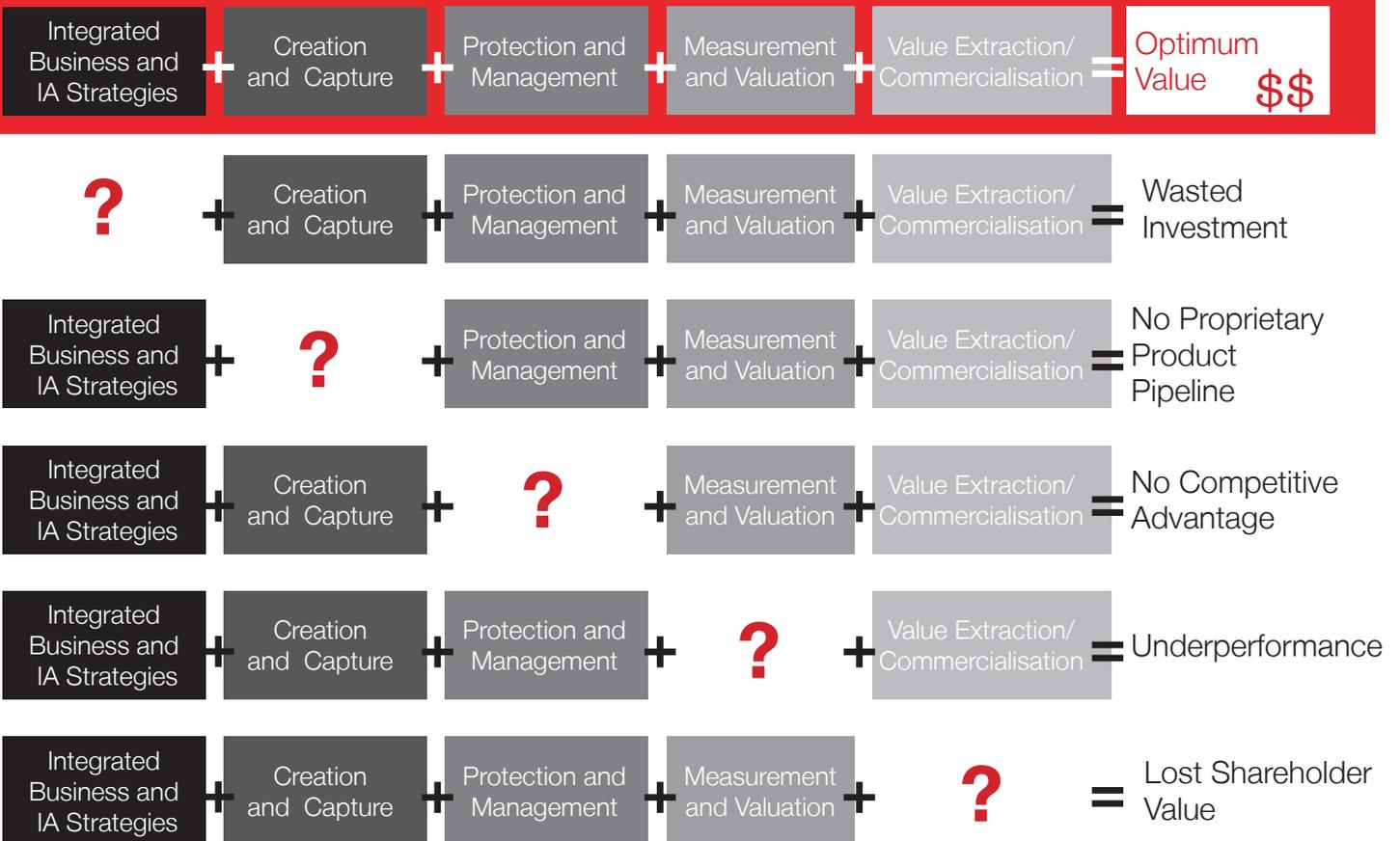
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IAM: more than patents, beyond trade marks, way past IP. Fresh thinking from Watermark.

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## Best Practice Intellectual Asset Management



For an intellectual asset management audit and best practice solutions, contact Watermark.