

“Knowledge to Market,,



The Relevance of Intellectual Property (IP) for Acquiring/Guaranteeing Funding:
Making Intangibles a More Tangible Asset

wipo – agency – mincyt sub-regional conference on the availability of intellectual capital: the role of intangibles as a tool for obtaining funding

Buenos Aires, July 17th, 2008

Luigi Amati



“Knowledge to Market,,



- o Knowledge Intensive Companies (KICs)
- o Key “problems” of KIC
- o Intellectual Capital
- o IC Readiness
- o Examples



knowledge intensive companies

We will focus our attention onto a particular type of SMEs: Knowledge Intensive Companies (KICs). They are small in numbers but cover a critical role in:

- strongly affecting employment
- playing an increasingly active part in Global Markets and Value Chains: initiators
- KICs can gain great advantages from Global Value Chains through:
 1. higher flexibility
 2. capacity to quickly adapt to the fast changing circumstances

“Knowledge to Market,,



knowledge intensive companies

Few numerically but playing fundamental roles:

- For both quality and quantity employment: 2% of new companies produces 50% of new employment in Europe and 70% in Usa
- For the dynamism of the economy: Nokia alone has changed Finlandia phisionomy and perception
- Creative destruction: today AT&T only exist as a brand



“Knowledge intensive companies - Knowledge intensive regions”





Silicon Valley but also Ferrara and Sfax:

- Leylan Stanford, Patrizio Bianchi, Ahmed Ben Dhia
- HP e Google, Pharmeste, CBS



A matter of culture:





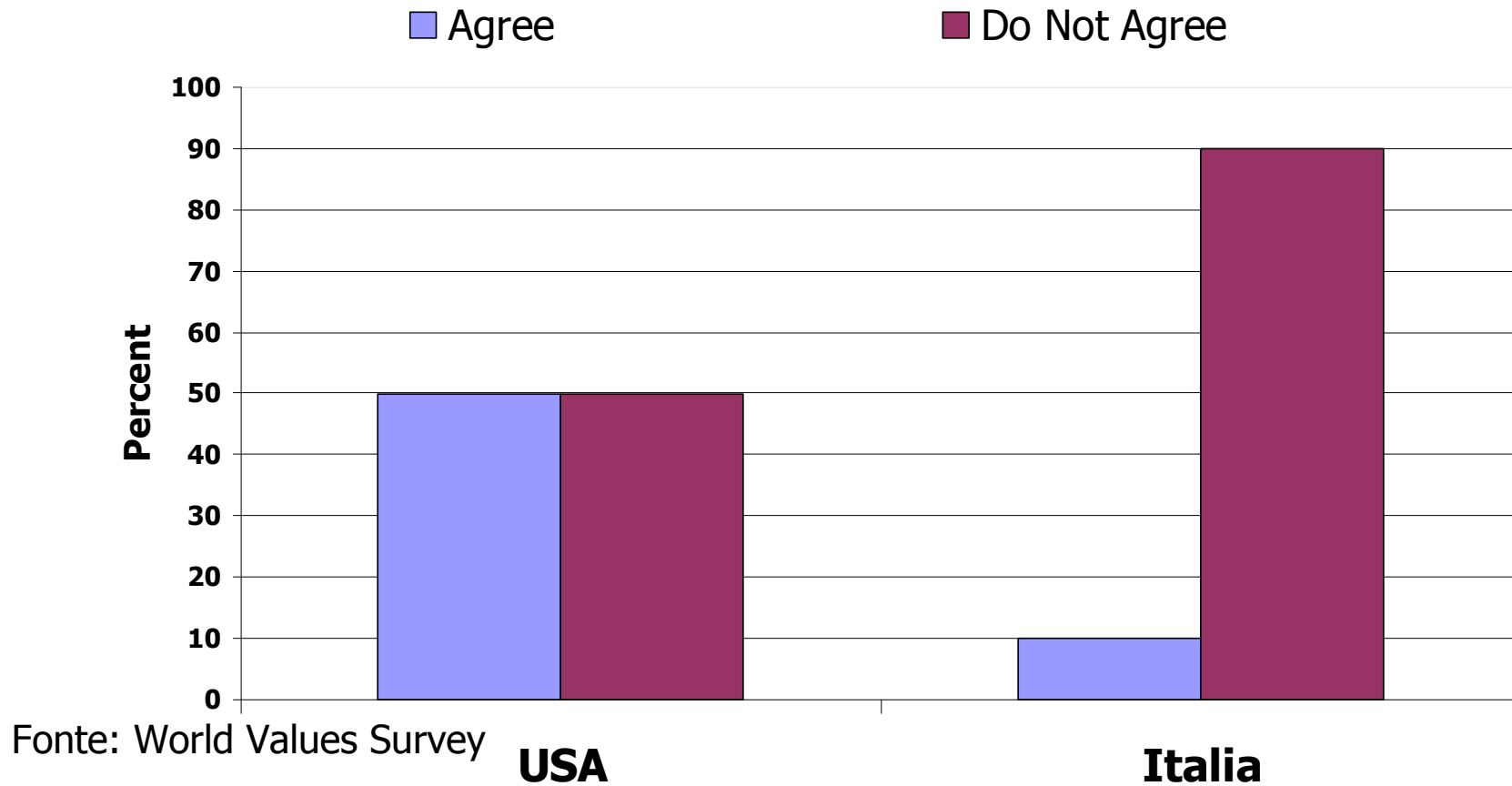
Who is the Elite?

- **Professionals 45%**
(Lawyers, Notaries, Engineers, Medical Doctors)
- **Politicians 25%**
- **Sportsmen 16%**
- **Entrepreneurs 4%**

Source: The Élites in Italy – Laterza 2007



“Better Work Performance Should Mean Higher Pay”

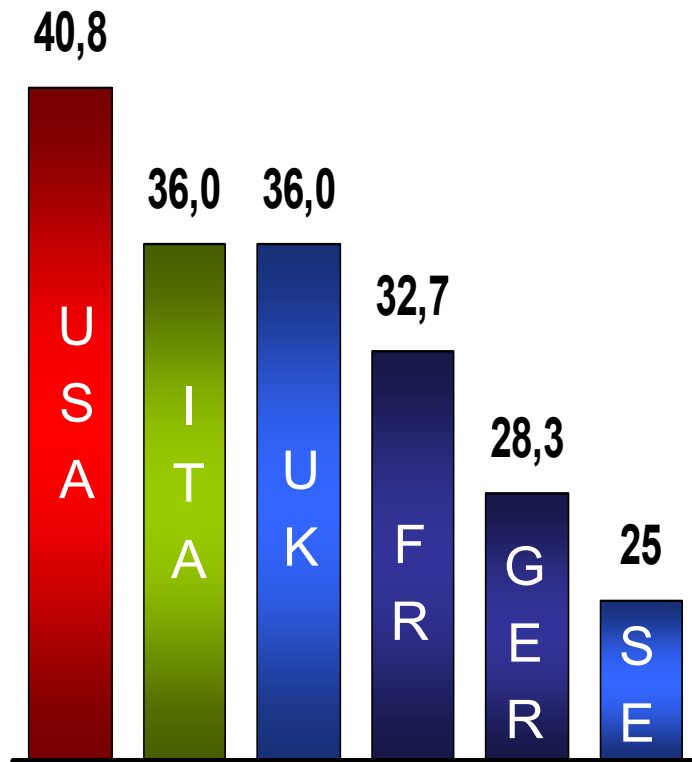




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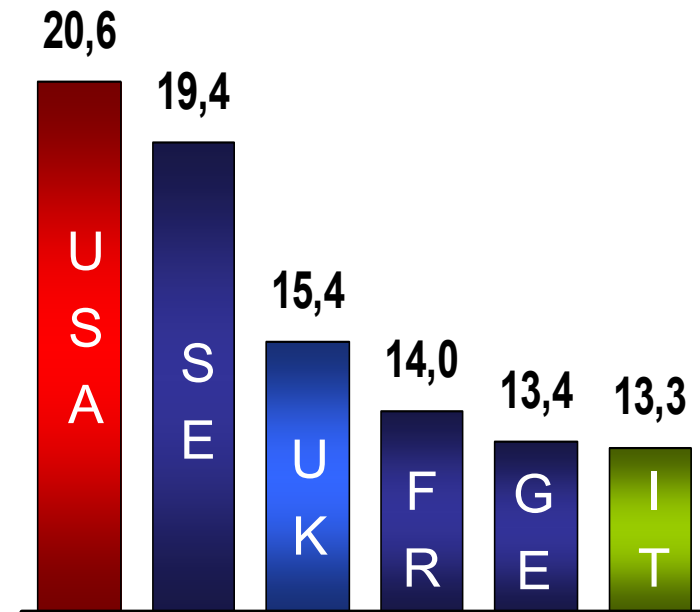
Social inequality

Gini Index (income inequality)



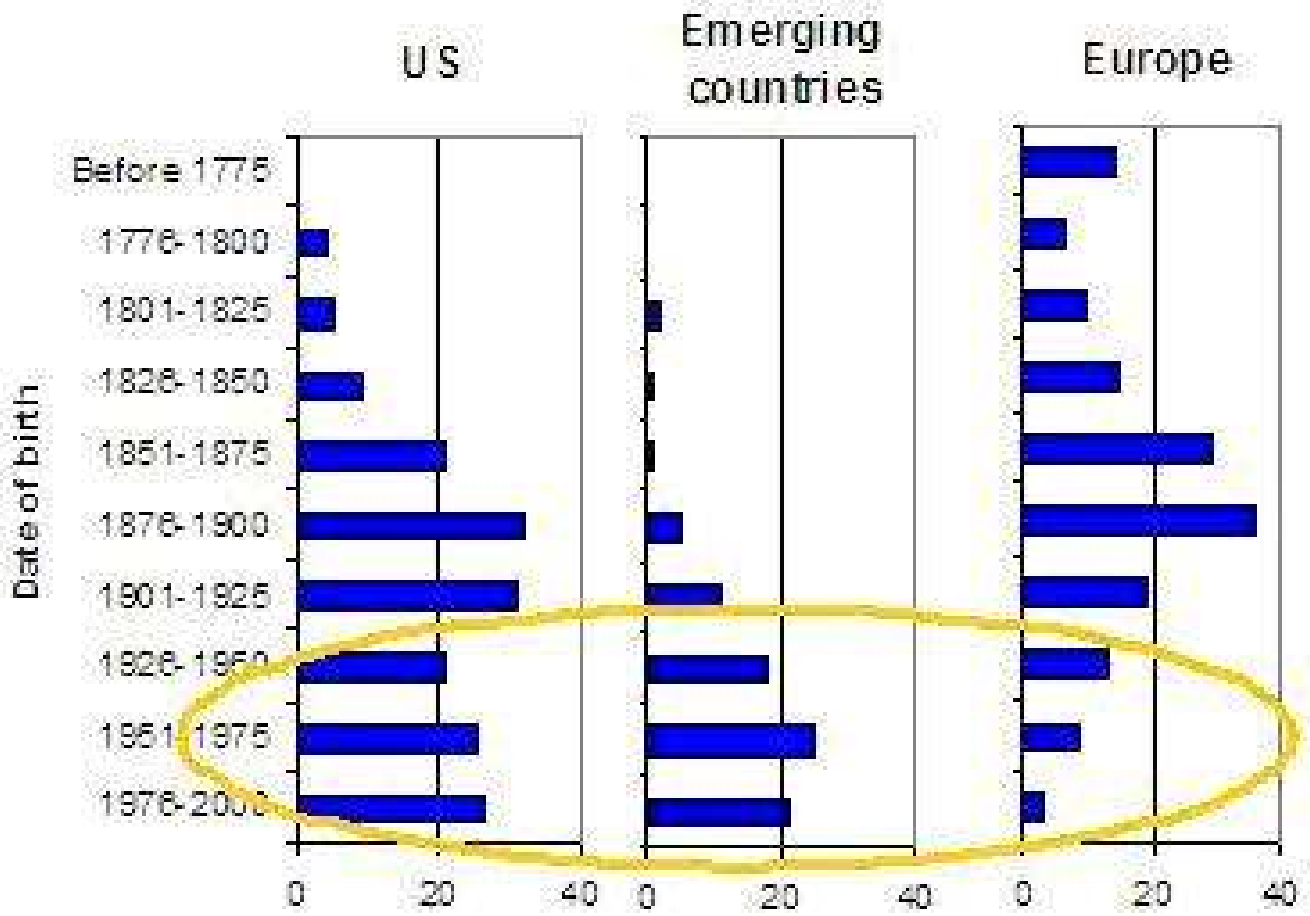
Social mobility

Percent of people born in a working-class family that reaches a higher class





The Large Corporation “population pyramids” – where are they born



classification FT Global 500 – 30.09.07



Key “problems” of KIC

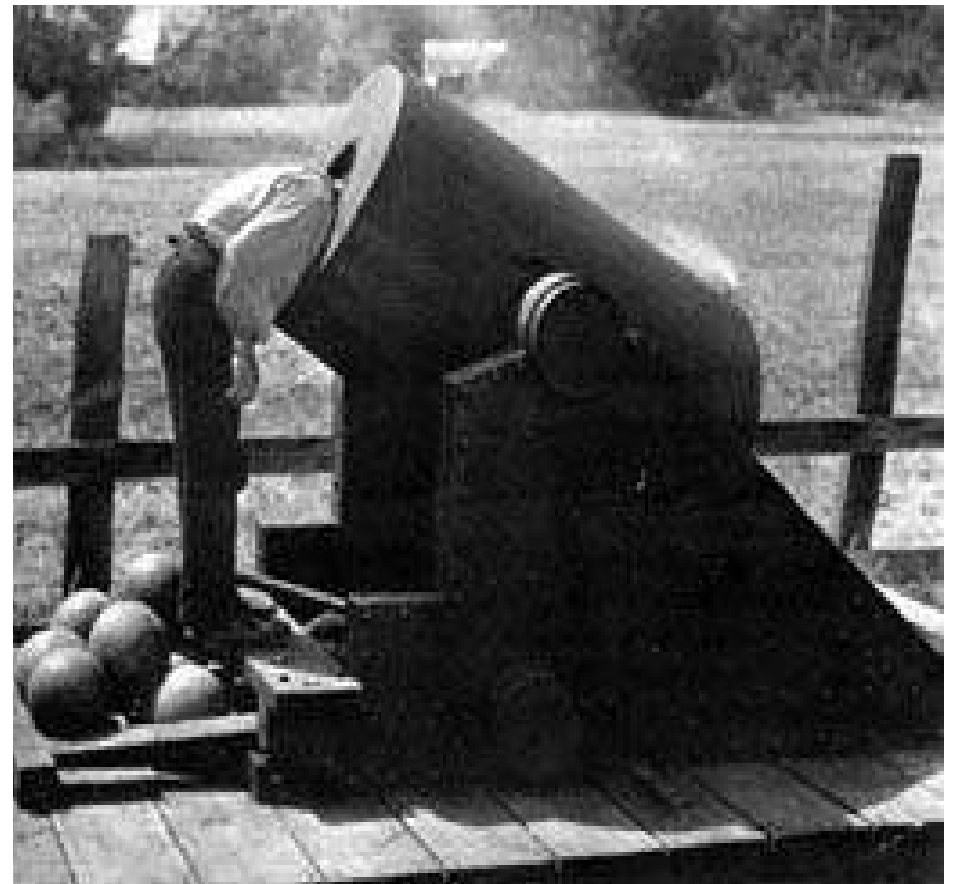
1st “Problem”:

their main asset is represented by Intangibles: research capabilities, the technology embedded and the provision of IP products



2nd “Problem”:
Knowledge
intensive need (a lot
of) money!

3 Fs are not
enough!
(Fools/Founders,
Family, Friends)





KICs and Seed Capital





Business Idea Recognition



Intellectual Capital
understand, value and protect intangibles

Trainings for entrepreneurs and enterprises
Skills and abilities needed for successful businesses

Entrepreneurial culture
Initiatives, creativity, entrepreneurial spirit stimulation
How to become an entrepreneur

Technology foresight, trend research
Identification of market trends

Tailor made evaluation
Mentoring – expert support in feasibility study, business plan, etc, preparation

Business Platform
Partnership development, Technology transfer, entering into markets

Incubator
Location / space, equipment and services for getting started and keep going and growing

Access to finance
Identifying the most appropriate financing for enterprises (Business Angel Network, proposals etc)

Knowledge Intensive Company!

A long, challenging and exciting walk, IC being the first step



Intellectual Capital = Explicit + Tacit KNOWLEDGE

Explicit

- USEFUL IDEA – Patent
- ORIGINAL EXPRESSION - Copyright
- DISTINCTIVE IDENTITY (Physical – Shape, Non Physical - Logo)

Tacit

- PEOPLE!



SECTORS

➤ BIOTECH

➤ Renewable Energies, ICT – Electronics,
Manufacturing

➤ Software



IC Readiness of intangible KICs

Intellectual Capital Readiness

- Monitoring of competitive products/technologies/patents
- Correctly employing the legal tools in protecting products/technologies
- Ensuring key resources (including people) are protected



INTELLECTUAL CAPITAL READINESS

- KICs require attention in the initial stages to assure an adequate **development** and **protection** of their product
- The commercial viability of an **IP product** resides in its actual implementation on the market place requiring:
 - the management team must know how to manage the intangible asset by employing the legal tools protecting the innovativeness of the idea in order to ensure the exclusive right to its commercially exploitation
- **IP protection** will augment **early stage investors' interests** in a particular KIC by providing further, strong, **guarantees on future returns on investments**



PHARMAESTE

- Biotech spin-off from the University of Ferrara
- Research and development of drugs for pain: treatment of pathologies as neuropathic pain
- Medical (biotech) research requires long development times (10-15 years) with high costs (€ 10-15 million): IP protection is thus one of the most decisive factors for the success of a spin-off



PHARMAESTE

- The University of Ferrara has given it: 5 patents and as many active principles; 3 full time researchers; 4 researchers on a contract; 3 high levels scientific advisors
- Funding: the company has received €3.2 million
- Financial resources raised for the different development phases:
 1. Phase 1 (toxicity verification) €6 million
 2. Phase 2 (efficacy verification) €12 million
 3. Phase 3 (clinical experimentation) €20 million



PHARMAESTE

- IP protection involves constant monitoring on the state of the art of alternative products and surveys on the IPRs of other pharmaceutical companies
- The IPR was secured by international patents, only critical element was valuation



RAYSOLAR

- New manufacturing process for Silicon
- Lower cost, higher quality
- Everything is still in the head of the two leading researchers!
- Protection through trade secrets and vesting



TECHGENIA

- ERP Systems for SMEs
- ERP built exclusively for SMEs (not a down size of larger products)
- It is Software after all!
- Protection through lock in ...



Thank you for the attention

Luigi Amati

luigi.amati@meta-group.com

www.meta-group.com