

# IP COMMERCIALISATION AND MONETISATION OF CREATIVITY

**McLean Sibanda**

**Young African Innovators, Creators and Entrepreneurs  
Workshop**

**Intellectual Property (IP), Innovation, Creativity for  
Entrepreneurship and Job Creation**

*Organised by the World Intellectual Property Organisation (WIPO) and  
the Japan Patent Office (JPO) in cooperation with the Government of the  
Republic of Senegal and the African Union*

Dakar, Senegal, November 2, 2015

---

# Presentation Outline

□ Introduction

□ Commercialisation Considerations

- Licensing / Start-up
- Monetisation
- Funding the Idea
- Valuation

□ Concluding remarks

# Intellectual Property, Invention and Innovation

# Introduction



- ❑ Invention or Intellectual property is putting money in and getting knowledge out
- ❑ **Innovation is putting knowledge in and getting money out**

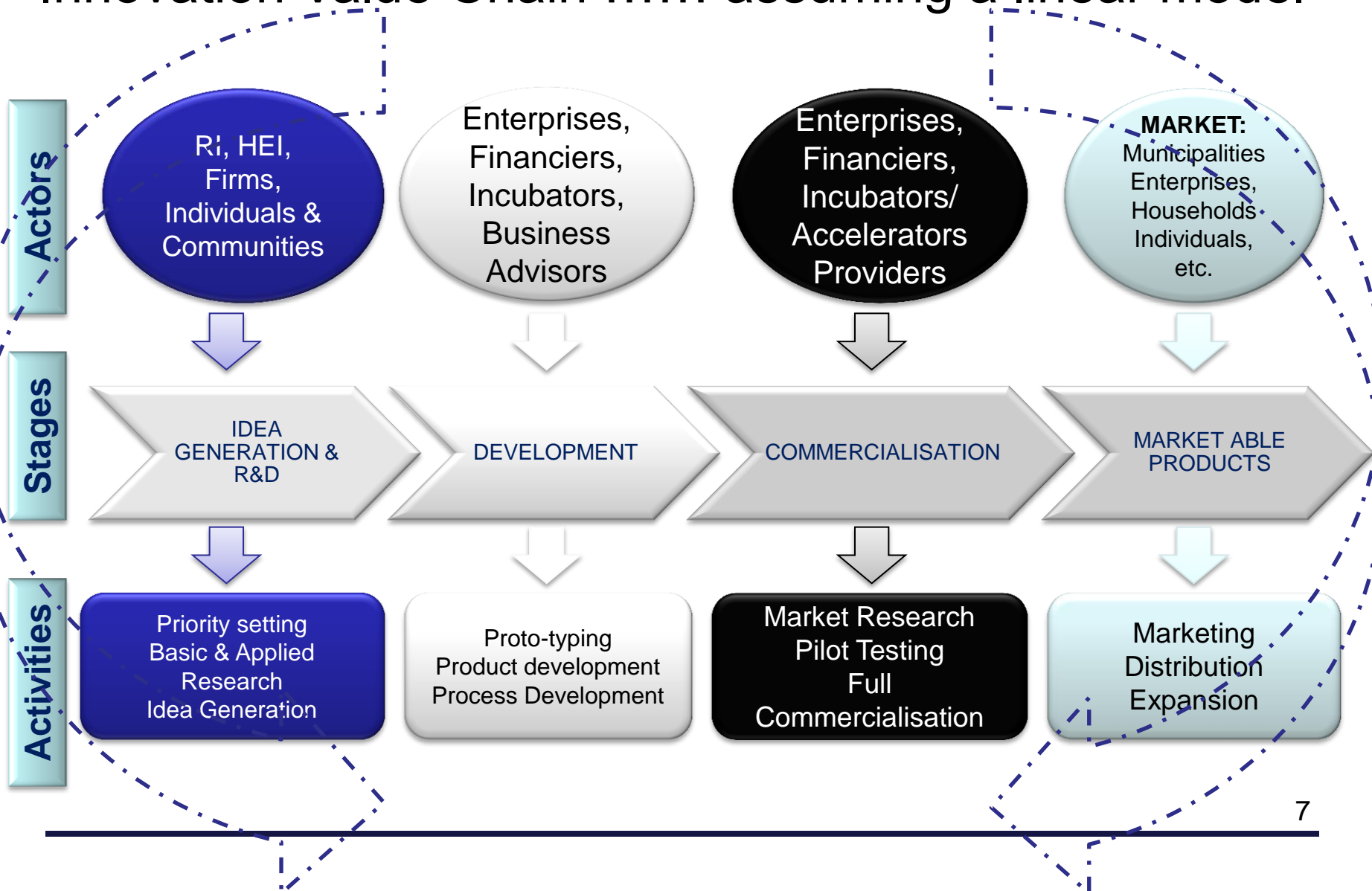
*Market-place is determinant of transformative nature of the idea*



# Commercialisation and Monetisation Considerations

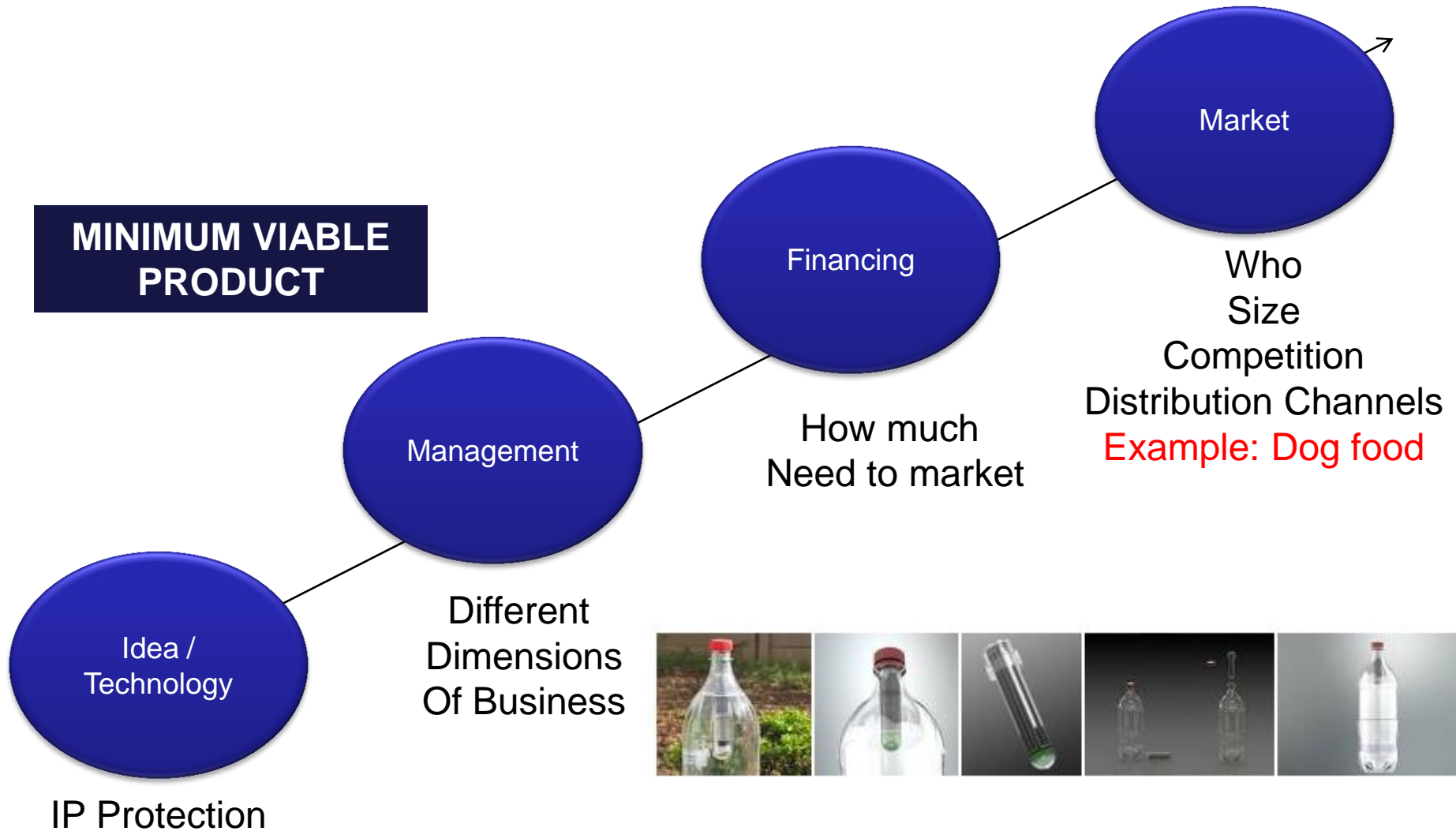
# Commercialisation Considerations

Innovation Value Chain ..... assuming a linear model



# Commercialisation Considerations

## Beyond the Idea ....Critical Success Factors





# Commercialisation Considerations

## The Different Options

### Self

- Start-up company
- Licence
- Joint Venture

### Others

- Licence
- Assignment / sell of f  
the IP

# Commercialisation Considerations

## Licensing

- Grant of IP owner's rights
  - Patent – manufacture, sell, import, exercise, use
- Another party
- For defined period of time
- In return for an economic interest or other
  - Royalty, Lump sum
  - Another licence - cross licence
- Similar to 'lease agreement'

Franchising - a special form of licensing

# Commercialisation Considerations

## Monetisation and Sustaining Business

### Licensing-out

- Transfer of rights to external
- For use / further development / commercialisation by external party

### Licensing-in

- IP rights from external party

### Cross-licensing

- Two or more parties license each other's IP as part of a transaction

# Commercialisation Considerations

## Different Types of Licences

### ❑ Non-exclusive license:

- Licensee granted rights to the IP
- Licensor retains right to use and also grant licenses to other parties
- Can be same or other terms

### ❑ Exclusive license:

- Licensee granted rights to IP
- Licensor cannot grant rights to other parties
- Licensor cannot use IP

### ❑ Sole license:

- Licensee granted rights
- Licensor retains rights to exploit but not grant other licenses

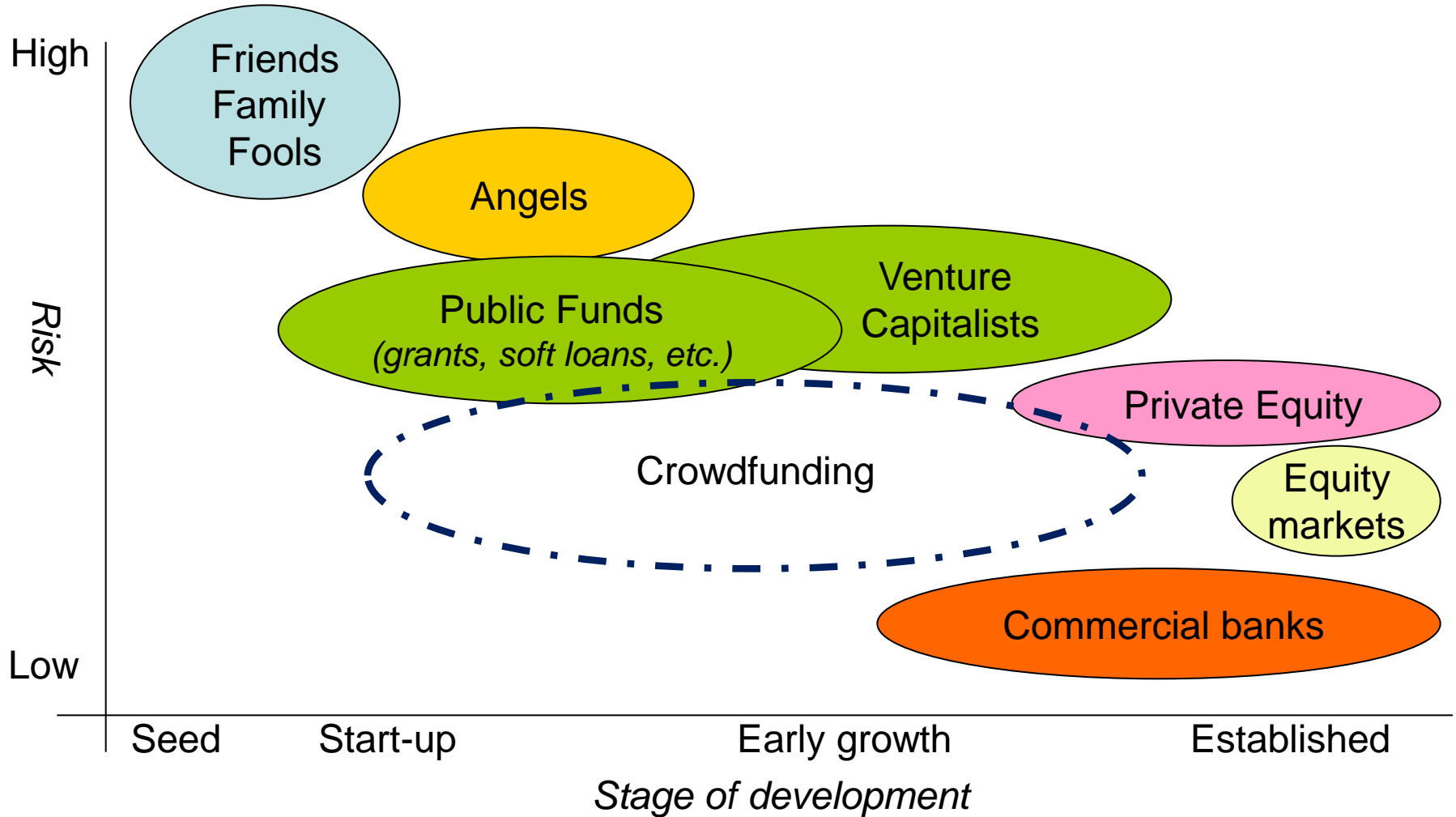
#### Discussion Point:

- *Which type of a licence would you prefer for your intellectual property?*

So ..... how much is it worth?

# Commercialisation Considerations

## Funding the Idea



# Commercialisation Considerations

The Question of Value – Value must exceed price



- IP valuation is complex
- Complex interaction of legal and business issues as well as uncertainties
- What is the value put on table before prospective investors?

# Commercialisation Considerations

## IP Valuation – Different Methods

- ❑ Cost method
- ❑ Market method
- ❑ Income
  - 25% rule (relief from royalty)
  - Discounted Cash Flow
  - Monte Carlo simulations

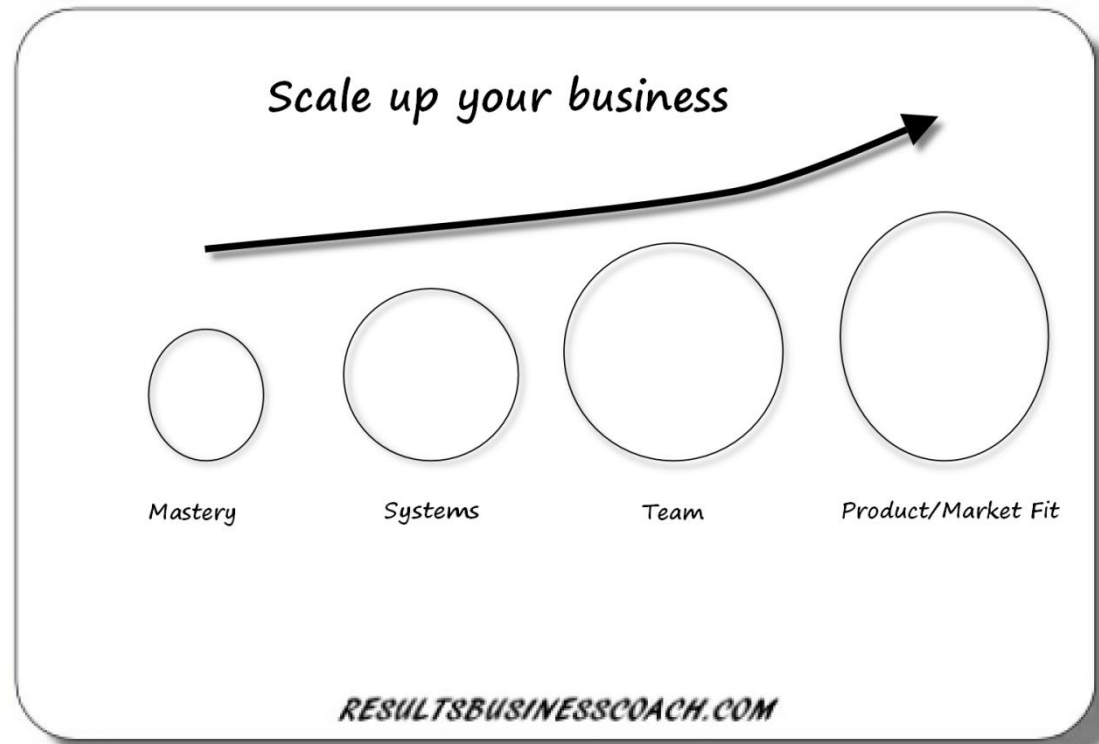




# Commercialisation Considerations

## Scaling Up your Business

***GROWTH IS ESSENTIAL! UNMANAGED GROWTH CAN BE FATAL TO YOUR BUSINESS***



# Commercialisation Considerations

## Scaling Up your Business

### ❑ **Work On Your Business, Not In It**

- focus on core activities you need to be laser focused on
- Once you know what your core activities are, execute them

### ❑ **People**

- Customers, stakeholders, employed engaged?

### ❑ **Product / Service Mix**

- Execution

### ❑ **Find And Establish Critical Relationships / Networks**

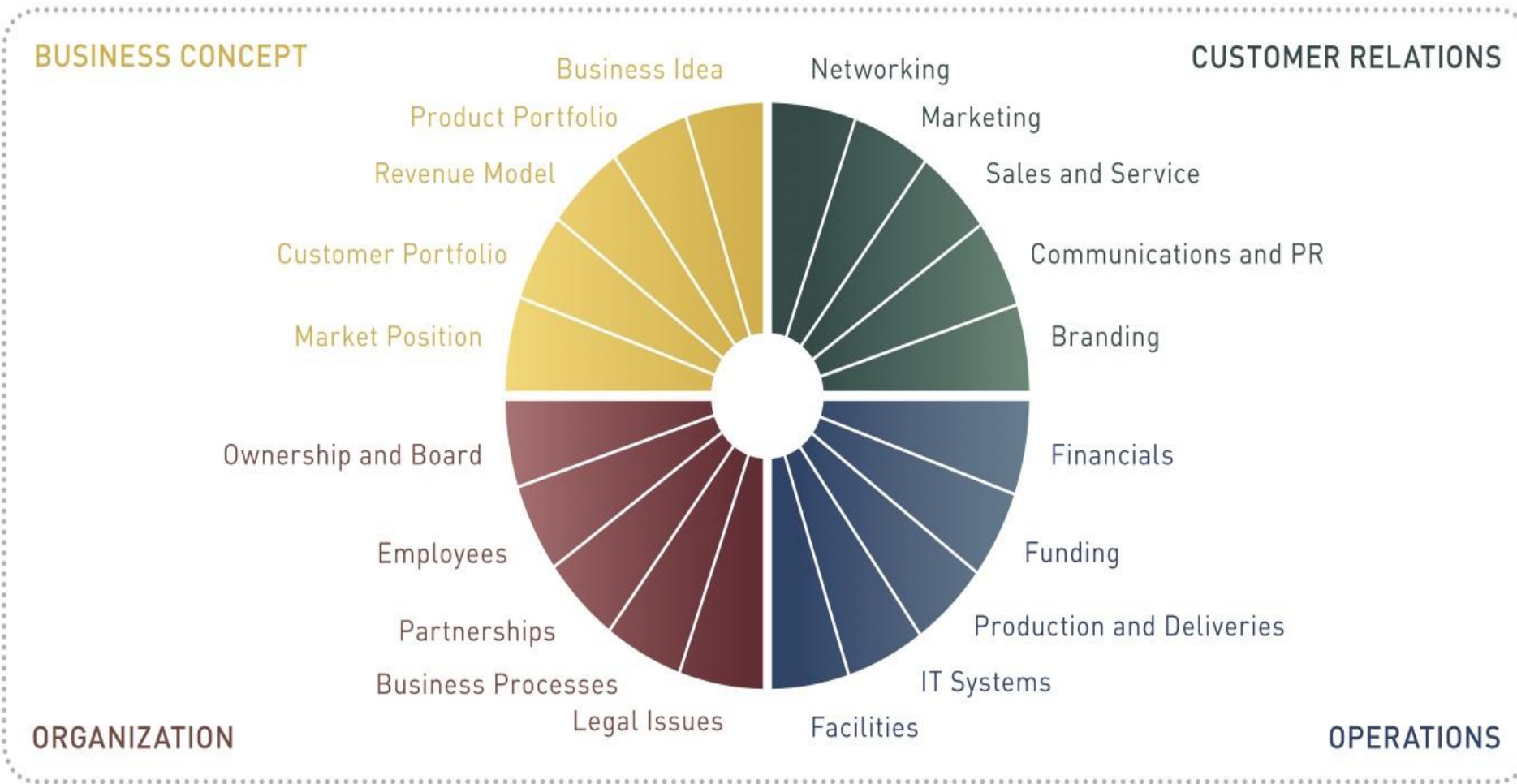
- Put another way? It's *who* you know. Period.

### ❑ **Cash: Financing Options For Expansion**

- Know the kind of capital you need to support growth
- Expenses must not outpace revenue projections / cash flow

# Commercialisation Considerations

## Scaling Up your Business /Key Aspects



Courtesy: [www.growthwheel.com](http://www.growthwheel.com)

# Concluding Remarks

## **To protect or not to protect**

- A commercial decision
- IP essential for competitiveness

## **Commercialisation depends on multitude of factors**

- Inventor may not be the best person to commercialise, particularly through start-up / spin-out
- Where depends on know-how, inventor's role important
- Don't let the VALUATION kill the deal

## **Incubators / Accelerators**

- Partner in commercialisation process
- Should be consulted at all times

## **Scale up or remain a lifestyle business / job**

**Thank You**