

Project Long Term Value Creation: Opportunities for an Organization to Develop Business Competencies in IP Strategy at the Enterprise Level

By

The Hutter Group: IP Business Strategy

Status of Business-focused Patent Strategy Today

➔ Best in class companies (*e.g.*, KC, P&G, GE, J&J) incorporate patent issues into business decision-making at all stages *at the enterprise level*

Why do they do this?

➔ To maximize long-term firm value for shareholders

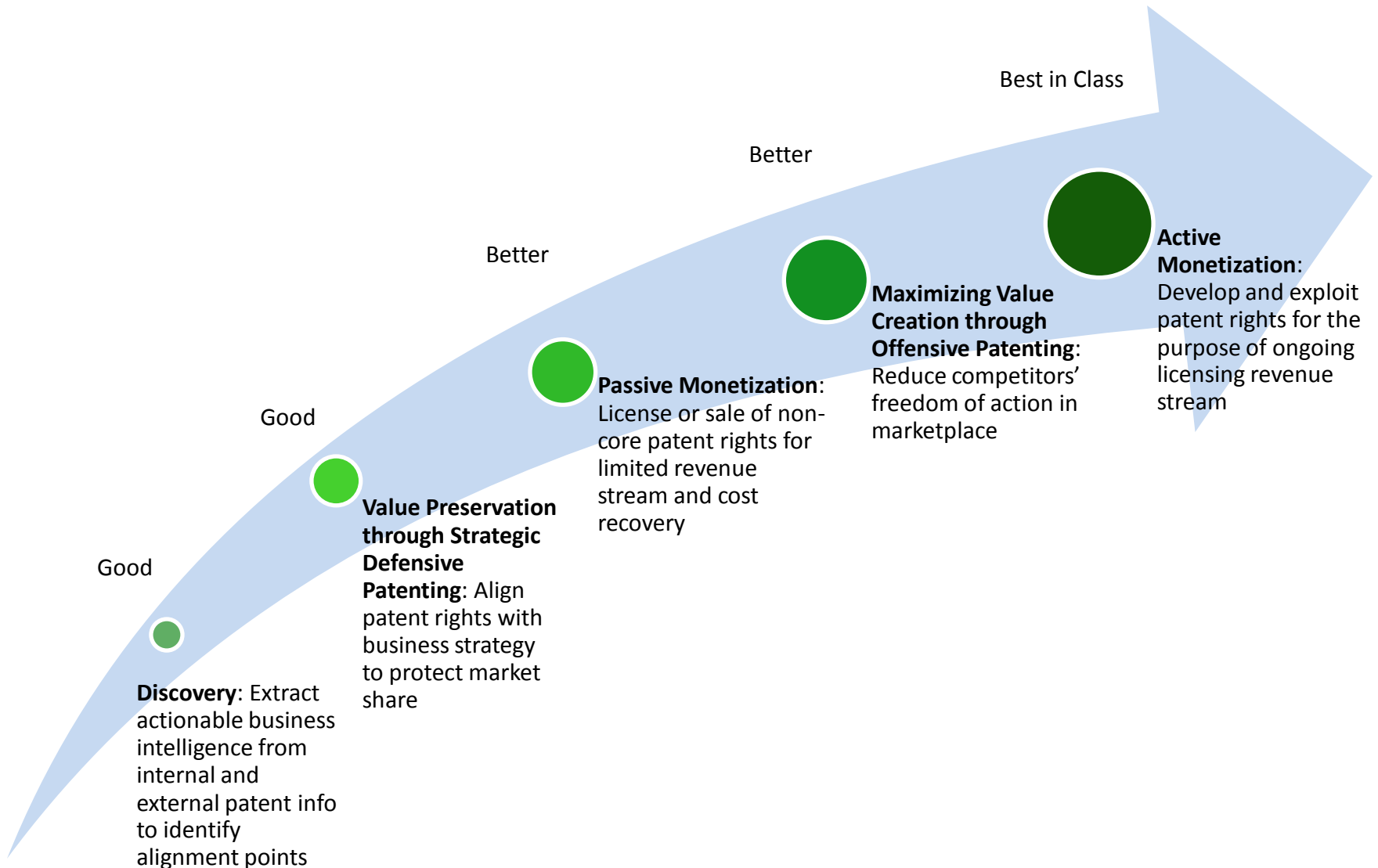
- By ensuring that financial projections for products or technology are not derailed by unexpected competition by developing appropriate patent rights
- Reduce competitors' ability to maximize their firm value by restricting freedom of action
- Create additional revenue streams through patent licensing/sale

Business leaders own or share decision-rights for matters traditionally residing with legal functional leads

➔ But, enterprise-wide transformation of mature organizational processes like those of Client patent operations require significant resource commitment and management involvement

➔ Proof of concept on a project scale likely is necessary for adoption by Client

The Stages of a Robust Business-Driven Patent Strategy Focused on Long-Term Value Creation



Scoping the Opportunity at Client

Document hosted at JDSUPRA™
<http://www.jdsupra.com/post/documentviewer.aspx?fid=950ddeb2-5122-4794-8c2d-2ae8a27d08c8>

Opportunity

- Client can maximize long-term firm value by developing and executing on a competitively competent business-driven patent strategy

The Bet

- Integration of patent criteria into Client's decision-making structure at all relevant stages will reduce strategic risk of business decisions to result in a higher probability of repetitive success

Critical Success Factors

- Obtaining approval from Client management to employ outside consultant
- Identifying Client project(s) suitable to demonstrate proof of concept of patent strategy on an enterprise-wide basis
- Successfully managing expectations of current patent stakeholders

Key Question

- Is Client ready to adopt best practices in patent management (as developed by its competitors) to augment and enhance firm value creation over the long-term which will require integration of patent issues into day-to-day business operations and re-working of primary patent decision rights authorities within Client?

What Success May Look Like

Self-sufficiency developed in certain components of patent strategy to allow business team to fly solo after consulting engagement

- Goal of training to provide basic competencies in patent concepts relevant to business issues
- Vocabulary, issue spotting, valuation criteria

Project selection and task execution allows validation of the long-term value creation opportunities resulting from integration of patent issues into day-to-day business issues

- Goal to provide measurable improvement in firm value
- Reduced risk, shorter pipeline, longer exclusivity

Enthusiastic buy-in of business team to facilitate forward momentum after project ends

- Realignment of patent-related decision rights will require diligent effort by influential members of Client management

Client Opportunity to Create Long Term Value Through Patent Strategy	Description	Business Participation/ Level of Difficulty	Time Required (start to completion)	In-House Legal Participation Level (initial/completion)	Will Business Team Be Capable of Flying Solo on Topic after Consulting/Training Ends?
Mapping Competitive Terrain	Predict the Future Actions of Competitors to Reduce Strategic Risk	High/Moderate	Short (3-6 weeks)	None/None	Yes
Enhanced Innovation Decision-making	Discovering non-obvious or disruptive ways to solve consumer need using patent data	High/Moderate	Short (6-12 weeks)	None/None	Yes
Open Innovation	Identify outside-developed solutions to improve pipeline	High/Moderate	Short (8-16 weeks)	None/Moderate (licensing issues)	Yes
Confirm Protection of Products from Competitive Threats	Assess Alignment of Patents with Business Plans	High/High	Short (8-16 weeks)	High/High	Continuation of efforts (necessary) will need full engagement of in-house patent team
“Reality-based” Corporate Valuation for M & A Due Diligence	Validating Purchase Price of Company	High/Moderate	Short (2-4 weeks)	Moderate/Moderate	Maybe. Early stage vetting of M&A opportunity could be conducted by bus dev team before legal and patent team brought in.
Identifying Patent Candidates for Passive Monetization	Selling or licensing of non-core patent assets to generate revenue	High/High	Medium (6 months- 1 year)	High/High (note: initial vetting could be done by outside patent audit without in-house patent counsel)	Maybe. Early stage id of licensing opportunity could be conducted by bus dev team before legal and patent team brought in.
Facilitating Establishment of Active Monetization Program	Develop patent rights for the express purpose of generating revenue stream	High/High	Long (3+ years)	High/High	No. Will require full engagement of patent counsel at all stages of development.