

Valuation and licensing of Intellectual Property



Engenuity is a company that provides specialist engineering analysis and design services to enable companies to simplify manufacture, reduce materials used in mass production, enhance performance and reduce the risk of component failure.

Engenuity was commissioned by its client to develop technology ready for volume manufacture and use in the construction industry. During the design process it became apparent that a few technology enhancements could provide a new approach and superior performance to conventional market products. Engenuity recognised the potential value of the IP associated with these enhancements and worked with its client to secure patents for each.

As a result of earlier work Engenuity was familiar with the range of our services and commissioned us to provide advice on the best route to market. It was rapidly established that technology licensing was the most appropriate business model that met with the client's requirements.

However, before seeking licensors it was necessary for Engenuity to seek independent confirmation of the potential market size and associated value for the technology to determine a suitable licence fee. Our approach was as follows;

- We developed an understanding of the technology that had been developed, the relevant market drivers and companies that might be interested in the technology;
- We carried out market research to establish the likely market potential for the technology;
- We analysed the **iplandscape™**, to identify our client's main competitors and potential licensees, assessed how they were performing and identified the challenges faced by a new product entering the marketplace, and
- We developed a financial model in order to establish the value of the technology and provided advice on the license fees that should be sought.

As a result Engenuity was able to enter negotiations with a number of potential licensees, based on a price structure that was representative of a competitive and commercial value for the technology.

"Obtaining an objective viewpoint from colleripmanagement on the potential value of licensing was very important for the project. Their thorough and independent approach produced a credible model to value the licensing proposition, without the influence or preconceptions of the stakeholders"
Graham Barnes, Director

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