

## **WIPO IP Valuation Guides for Academic Institutions**

# WIPO IP Valuation Guides

- IP Valuation Primer – WIPO training material developed in collaboration with Licensing Executives Societies International (LESI);
- Intellectual Property Valuation Manual for Academic Institutions – Dr. Ashley Stevens
- Practical Guide for Valuing Intangible Assets in Research and Development Institutions - Dr. Thomas Ewing
- Revised version of the IP Valuation Manual – Dr. John Orcutt , Dr. William Murphy and Dr. Chris Frerking.

# IP Valuation Primer

1. Very simplified explanations of IP Valuation for businesses;
2. The expectation is that readers, upon conclusion of review of this document, will be able to understand the presented valuation examples and apply them to an actual situation in which an estimate of value for a given IP asset is required;
3. It is recommended that readers of this document engage a reliable and experienced IP valuation consultant before acting upon a valuation that may have resulted from use of information presented herein;
4. In the form of 100 power point slides;
5. Mainly for SMEs – but it can be used by universities as well.

# Practical Guide for Valuing Intangible Assets in Research and Development Institutions

- Guide provides a comprehensive review of various valuation methodologies and offers a guideline for the rapid and systemic evaluation of new technologies. The Guide provides practical advice to assist universities and publicly-funded research organizations (PRO) to:
  - (a) Identify their valuable intangible assets (IA);
  - (b) Rank IA by using different qualitative and quantitative valuation approaches;
  - (c) Manage those IA which were assessed as valuable towards strategic collaborations and markets, and
  - (d) Commercialize IA with potential market value (determined by application of quantitative valuation methods).

# Practical Guide for Valuing Intangible Assets in Research and Development Institutions

- The Guide uses case studies and practical examples that explain how the valuation of IA can provide a solid base for strategic IA management decisions.
- Valuation is considered in different context such as:
  - **Valuation in the Context of Negotiations with Third Parties**
  - 
  - **Valuation and the Commercialization of Scientific Know How**
  - 
  - **Valuation in Strategic Decision Making**
  - 
  - **Valuation in Non-Monetary Transactions**
  - 
  - **Valuation in Collaborations**
  - 
  - **Valuation, Commercialization & Litigation**

# Intellectual Property Valuation Manual for Academic Institutions

- Development Agenda Project;
- CDIP/17/4 document
- Very detailed explanation of all valuation methods and their application on particular cases;
- IP Valuation to determine equities for the start up;
- Rather sophisticated approach, based on the assumption that users are professionals with some previous knowledge in accounting;
- Considered by potential target audience as not user friendly – while containing a very valid information.

# Intellectual Property Valuation Manual for Academic Institutions - Revision

- Revision 2017
  - **John Orcutt** - Professor of Law at the University of New Hampshire School of Law—Franklin Pierce Center for Intellectual Property.
  - **William Murphy** - Professor of Law and Chair of the Commerce and Technology Law Graduate Program at the University of New Hampshire School of Law—Franklin Pierce Center for Intellectual Property.
  - **Chris Frerking** - Professor of Law and Director of the Patent Practice and Procedure Program at the University of New Hampshire School of Law—Franklin Pierce Center for Intellectual Property.

# Intellectual Property Valuation Manual for Academic Institutions - Revision

- Target Audience :
  - knowledgeable audience of IP professionals who lack valuation expertise to conduct fundamental valuation activities.
  - designed to allow WIPO officials to teach a standardized IP valuation course when conducting training and outreach efforts.



# Methodology Applied

- More detailed explanation of IP and accounting rules – as a preliminary information;
- **Layered approach**
  - Introductory Manual for novices; and
  - Advanced Manual for more skilled professionals.
  - Foundational concepts established before addressing more complex concepts.
  - Individuals with a solid valuation background can go directly to the more advanced material.
  - By the time novices complete the introductory materials, they should be ready for the more complex topics in the Advanced Manual.

# Methodology Applied

- **Multiple formats**
  - Written materials accompanied by videos and online materials – for fast and speed up access to information.
  - Monte Carlo Analysis – theoretical explanation and 10 minute video on procedure to be taken;
  - Help audience to better absorb lesson in a shorter period of time.

# Content

- Core Issues
  - (a) the three fundamental valuation methodologies (income-based, market-based, and cost-based methodologies);
  - (b) pricing IP licenses; and
  - (c) valuing startup companies
- Financial models – explained by using different techniques and providing case studies and examples;
- Inclusion of more advanced techniques – to quantify qualitative benefits of technology transfer :
  - Creation of jobs;
  - Local economic development ( 72% of startups are locally positioned);
  - Improvement of academic research environment;
  - Goodwill of universities and R&D institutions.
- New methods: surrogate measures and shadow pricing.

# Content – Introductory Guidebook

The Manual has been divided into two guidebooks:

- **Introductory Guidebook:** The Introductory Guidebook focuses on IP valuation basics. Specifically, the Introductory Guidebook:
  - Describes what a valuation analysis is, and what it can accomplish.
  - Provides an overview of the basic accounting required for conducting a valuation analysis. It is a mistake to try to learn valuation without first taking the time to learn some accounting basics.
  - Explains the fundamental valuation methodologies (such as building net present value models and conducting market-based valuation analyses) and shows the reader how to use them to value IP.
  - Describes IP's unique features and how those features affect a valuation analysis.
  - Examines the financial components of an IP license and explains how to price a license agreement.

# Content – Advanced Guidebook

- **Advanced Guidebook:** The Advanced Guidebook helps those with a basic understanding of valuation do more advanced work. It considers a number of specific IP valuation topics that build on lessons learned in the Introductory Guidebook. Specifically, the Advanced Guidebook:
  - Considers advanced techniques for improving net present value models.
  - Provides an overview of advanced market methods for valuing IP.
  - Explains how to value startup companies, which are often used for commercialization strategies, and their equity interests.
  - Considers valuation concepts for joint IP development projects.
  - Explores how to value the public benefits (such as job creation) that technology transfer can generate.
  - Considers the potential for standardizing IP valuation for academic institutions.

# Thank you!

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