

This week's lead article *IP Management Tools Poised for Growth* is from Bradford L. Goldense, President and CEO, Goldense Group, Inc. (GGI) and Anne Schwartz, Director of Publications, Goldense Group, Inc.

## \* IP Management Tools Poised for Growth\*

In the January 17, 2005 [issue](#) of 2PLM, we highlighted recent research on product development, intellectual property, and top corporate metrics by Goldense Group, Inc. In this issue we present the fifth in a series of six articles, which focuses on results in the area of "Intellectual Property Management Tools." Next month, look for results on "Most Popular Corporate Metrics Used by Industry for RD&E."

As the knowledge economy has developed over the past two decades, more companies now recognize the importance of protecting their valuable intellectual property (IP). These protections might come in the form of a formal registration such as a patent, trademark or copyright, or an internal protection such as company proprietary or trade secret. With this in mind, GGI's 2004 Product Development Metrics Survey investigated the tools used to manage IP. The 2004 Survey was sent to a broad distribution of product development professionals, and replies were received from 202 companies in a range of industries including industrial and medical products, aerospace, defense, electronics, and chemicals. Respondents were asked to identify the most common system used to manage their IP inventory, and the most common type of IP protection. Results were compared to those for the Product Selection process to investigate the relative maturity of both processes.

In order to manage their inventory of IP, companies use a variety of systems, such as single or multi-user software/database, spreadsheets, or a paper system. The most common system to manage IP inventory was an "internally developed spreadsheet used by multiple people," reported by 26% of respondents. The second most common system was "no formal automated tools or spreadsheets; all information managed and supplied by external counsel," reported by 18% of respondents. The third most common system was "completely internally managed hard-copy system," reported by 15% of respondents. The top three systems cover 59% of industry. The second and third most popular approaches are not really internal systems or tools. While there are several flavors of automated systems or tools in the remaining six categories, there is no clearly predominant trend or system in use at this time.

With regard to the most common forms of IP protection, "patents" and "company proprietary" are the two most frequently used categories. Patents are used almost always or frequently by 76% of respondent companies. We expect the use of patents to rise towards 90% as companies expand the protection of their IP. The driving forces will be twofold. Regulatory and legislative changes will continue to increase the valuation of IP as a dollarized asset on corporate balance sheets, which will cause increased registration. The large profit percentage of the revenue generated through the licensing or sale of IP is highly attractive, also causing increased registration. Company proprietary is used almost always or frequently by 64% of respondents. There will always be a significant usage of internal designations such as company proprietary or trade secret. It is fairly well recognized that the best protection for certain IP will be realized by not fully documenting it, which is necessary to register it.

Not insignificant barriers remain. The high costs of registering a patent range from \$15,000 to \$125,000 per patent in the US and upwards to \$800K to \$1M+ for global registration, not to mention maintenance fees and any legal fees for enforcement. The lead times for US registration are usually in excess of a year, and global registration processes across many countries can take three to five years. As well, there are some significant countries that do not respect licensed IP as such.

In summary, as companies continue to pay more attention to protecting their IP, we expect to see increased sophistication of available tools and systems and certain of these enablers emerging as the preferred method for IP management. We anticipate these developments and time frames to parallel those of tool development in support of other major process changes such as product selection or portfolio management, perhaps taking up to twenty years.

For more information about GGI's 2004 Product Development Metrics Survey, go to GGI's web site, <http://www.goldensgroupinc.com>. To purchase reports, go to [http://www.goldensgroupinc.com/cgi/catalog.cgi?display\\_p355](http://www.goldensgroupinc.com/cgi/catalog.cgi?display_p355).