

This week's lead article *IP Management Process Presents Many Opportunities* is from Bradford L. Goldense, President and CEO, Goldense Group, Inc. (GGI) and Anne Schwartz, Director of Publications, Goldense Group, Inc.

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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 fourth in a series of six articles, which focuses on results in the area of "Intellectual Property Management Process." Next month, look for results on "Intellectual Property Management Tools."

With the development of the knowledge economy over the past 15-20 years, companies have increasingly begun to recognize the value of their "intangible" assets, such as technical innovations, R&D, patents, trade secrets, information technology, and the like. Many knowledge assets are legally protected, by a patent, copyright, trademark, or other means. Some are not, for example, trade secrets. All are "intellectual property (IP)." IP values as a percent of the current valuation of most corporations are 5-10%. Experts in the field predict IP valuations will rise to as high as 90% of corporate valuation in the next two decades. Clearly, IP is becoming more important to companies large and small. What is unclear is the process that companies use to make decisions regarding IP management, for example, the number of steps, who is involved, the formality, or when in the product lifecycle companies choose to protect their IP. With this in mind, GGI's 2004 Product Development Metrics Survey investigated the IP management and decision-making process. 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 number of steps in their IP management process, the number of people involved, and the frequency of registration of IP throughout the product lifecycle. Results were compared to those for the Product Selection process to investigate the relative maturity of both processes.

As was the case for the product selection process described in the February 21, 2005 [issue](#) of 2PLM, an IP decision-making process might consist of multiple steps or just a single decision step. Most IP management processes would likely include an initial idea capture and screening decision, a valuation assessment, and a decision regarding whether or not to formally protect the IP. Survey respondents reported the use of 2.5-Step, 2-Step, 1-Step and No-Step processes about equally for IP decision-making, which indicates the lack of any best practice commonly followed by a majority of companies. This contrasts to results for the product selection process, where 47 percent of respondent companies are now using the most rigorous 2.5-Step (also called 3-Step) product selection process. The maturity of the IP selection process is lagging the portfolio selection process by 10 to 15 years.

The decisions involved in IP management could be cross-functional or handled within one department or by one individual. Today, various organizations contribute their knowledge to decisions regarding the valuation and/or registration of IP, but a cross-functional process is clearly not the de facto standard process in 2004. With regard to the actual decision making during the process, for 20 percent of survey respondent companies, IP selection decisions are made by just one person. Again this practice for IP lags the maturity of the product selection process, which is inherently cross-functional. For both product and IP selection, cross-functional commitment of resources throughout the rest of the product lifecycle is necessary to ensure success.

With regard to the frequency of IP registration, IP was registered "frequently" or "almost always" at some point in the product lifecycle by 75 percent of survey respondent companies. This result confirms the press reports of the increasing role of IP and shows the recognition companies are currently giving to the protection of their valuable intellectual assets. GGI expects the frequency to reach almost 100 percent in the years ahead.

In summary, as the importance of IP grows we will expect to see maturation and developments in the process companies use to make decisions about protecting their valuable IP. We anticipate these developments to parallel those of the product selection process over the past 20 years to the current multi-step, cross-functional best practice process. Companies will continue to take advantage of the opportunities to derive the most value from their intellectual assets, while protecting their competitive advantage.

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.