

# IP Generator Business

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*12 slides*

# Why an IP Business ?

- IP Businesses focus only on the high personal challenge and on the high added value parts of a business: Technology, Customer Knowledge, Product Definition, Human Performance
- IP businesses make money
- IP businesses depend more on individual employee performance than any other business, leading to the development of the most advanced employment practices
- IP businesses, of necessity, are exciting for everybody involved

# Why an IP Business Now ?

-  CEO Jeffrey R. Immelt:
  - “...competition now is based on intellectual ideas...”
  - “... business growth will come from serving scarcity...” *[i.e. only rarity has significant value]*
  - “...survival and growth depend on innovation and service...”
  - “... advanced economies will compete with China, India, Brazil and others by being leaders in innovation...”
- Large businesses with this attitude are the market

# What is an IP Business ?

- An IP Business creates, develops, extends, focuses, packages leading edge IP
- Customers are global businesses
- Revenue stream from recurrent royalties, licenses, design services, IP-related consulting
- IP businesses think “service” rather than “product”

# IP Business Revenue Model

- Revenue Stream from:
  - Recurrent Royalties – from each host product sold
  - License Fee's – per application
  - Customer-specific IP-based Design Services
  - IP-related Consulting Services in both technical and market knowledge areas
- Primary strategic focus on royalty stream, other revenues developed tactically-opportunistically
- IP businesses shoot for large margins

# IP Business - Key Elements

- Three equally important elements:
  - A communication-centred leadership and management approach designed to make the business dynamic, exciting, highly technically innovative, efficient.
  - Unique technical skills
  - Focused market understanding developed from investments in market knowledge

# IP Business – Human Element

- IP businesses are pure-play human intellectual performance businesses
- To win they superlatively motivate all the people involved by understanding, and hence connecting, each individual's personal interests to the business's direction and its customer's needs
- Superb business performance comes from each individuals enjoyment of what they do

# How IP Businesses Succeed

- By focusing on getting the best from people to maximize innovation and efficiency - *“Creativity resides with individuals”*
- By investing in understanding two markets
  - Primary customer
  - The primary customer’s end-markets
- By being ahead of customers in technology by forecasting technology direction hence making timely R&D investments
- By creating better solutions than customers can develop themselves by serving multiple customers
- By developing a technology platform in key market areas to dominate chosen niches
- By establishing effective, flexible, ongoing customer relationships
- By delivering highly efficient, responsive customer support

# Initial IP Sources

- University IP
- Attracting key experienced individuals
- In-House R&D enlivened by market knowledge and human efficiency focus
- Acquired or licensed in areas of focus from customers and related markets

# Professors and IP Businesses

- Why do they fit ?
  - Because Professors have a personal interest in leading edge technical specializations
  - Because Professors are independent of the political pressures within large companies
  - Because Professor's work with graduate students provides a constant intellectual challenge
  - Because IP business provides connection to market-driven demand for new technology
  - Because IP business - via Professors - can stimulate graduate research

# IP Business and Waterloo

- Why do they fit ?
  - IP business's have a higher density of the best grads/postgrads than conventional tech businesses, keeping more of the best UW grads 'in town', benefiting local economy and increasing the 'mass' of advanced technology activity
  - Frequent, ongoing, local interactions with Professors is easy and highly advantageous
  - IP Business's typically generate many spinouts
  - High added value and head office presence increase the region's reputation

# IP Generator Business

- **Conclusions**

- Attractive to individuals, university and community
- Particularly attractive to Waterloo
- Clearly lots of business potential

*... looking forward to hearing from you !*