

# EVLIA workshop

A dedicated methodology for the financial and economical  
evaluation of intangible assets

*mag .Robert Blatnik*

*Jožef Stefan Institute, Center for technology transfer and innovation*

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# *Agenda*

**A dedicated methodology for the financial and economical evaluation of Intangible Assets of SMEs: EVLIA project.**

Mag. Robert Blatnik, Jožef Stefan Institute, Center for technology transfer and innovation

**Round table:**

**The use of intangibles as loan collateral – Myth or reality?**

**Z neopredmetenimi sredstvi do kredita – mit ali realnost?**

Moderator: Mag. Maja Tomanič Vidovič: The Slovene Enterprise Fund

# *Problem*

- Young & innovative SMEs → difficult access to external financing - usually have no track record or collateral required by financial intermediaries and banks.
- Traditional valuation methods (market, cost, income) not able to reflect full value of IP

*How intellectual assets, particularly IP can be used as an asset to secure finance?*

# What are intangible assets?

## Definition by OECD:

Intangible assets are assets that do not have a physical or financial embodiment → resources utilized in future value creation

- **computerised information:** software and databases;
- **innovative property:** R&D, copyrights, designs, trademarks;
- **economic competencies:** brand equity, firm-specific human capital, networks joining people and institutions, organisational know-how that increases enterprise efficiency, and aspects of advertising and marketing.

# Innovation - key driver of Europe's competitiveness and growth: recent work

## **Feb. 2013: OECD horizontal project "New Sources of Growth: Intangible Assets".**

Evidence of the economic value of knowledge based capital (KBC) as a new source of growth; and Improve understanding of current and emerging challenges for policy, in such areas as **taxation, competition, intellectual property rights, personal data, and corporate reporting.**

<http://www.oecd.org/sti/inno/knowledge-based-capital-synthesis.pdf>

## **2006 -2008: European Federation of Financial Analysts Societies (EFFAS):**

Practical experience and new methodological approaches towards the development of guidelines and best practices in the (European) financial market.

Principles for Effective Communication of Intellectual Capital.

## **EU Communication n. 287 – 24/05/2011**

A Single Market for Intellectual Property Rights. Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe

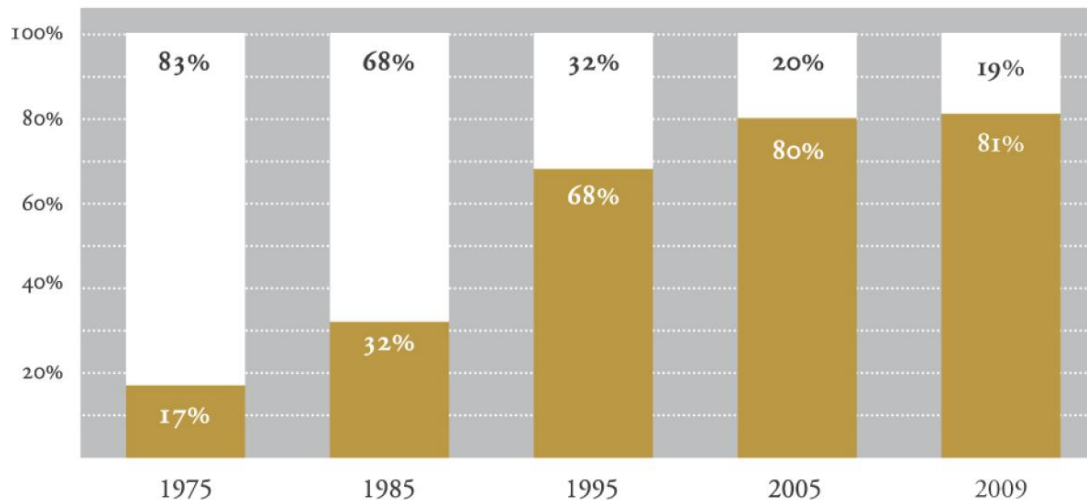
[http://ec.europa.eu/internal\\_market/copyright/docs/ipr\\_strategy/COM\\_2011\\_287\\_en.pdf](http://ec.europa.eu/internal_market/copyright/docs/ipr_strategy/COM_2011_287_en.pdf).

## Tangible vs. Intangible investment ratio from 20:80 to 80:20 (%)

An indicative 2002 survey of the Fortune 500 companies estimated that anywhere from 45% to 75% of the wealth of individual companies derives from their IPR

([http://www.wipo.int/sme/en/documents/valuing\\_patents.htm](http://www.wipo.int/sme/en/documents/valuing_patents.htm)).

COMPONENTS OF S&P 500 MARKET VALUE



Value of IAs is rising.

Source: Ocean Tomo 2008:  
<http://www.oceantomo.com/media/newsreleases/Intangible-Asset-Market-Value-Study>

## Intangible assets (IA) in knowledge based economy

### **IP portfolio more important than other assets → new requirements for management and protection**

New (standardized) valuation methods: Austria, 2011: OeNORM 6801 “Methods for patent evaluation”

China Technology exchange (CTEX) approach: technology transaction service since 2012

### **New markets & business models for IP in order to extract value from the IP**

Market for patents are growing (receipts for IP: 10 billion in 1985 → 110 billion in 2004)

New business models (e.g. IP specialist firms: IP portfolio building and licensing)

### **IA as a loan collateral – mainly in US and China**

Also cases in EU: Alcatel-Lucent SA 1,6 billion-euro with Credit Suisse Group and Goldman Sachs (financing secured by AL patent portfolio valued 5 bill euro)

## EVLIA methodology as a *solution*

1. Development of **common methods of valorising intellectual assets** in order to leverage financing out of IPR.
2. Foundation for an **IP methodology standard** across Europe.
3. Framework conditions to **facilitate a Single Market for IP**.



# *EVLIA project*

- **Intellectual Assets and IP valuation** as a basis for raising finance and the experience of companies and financial institution on this field
- investigate the role of IP and IA securisation and their impact on innovative SMEs when trying to access to financial markets
- **the elaboration of a new role of financial players**, such as venture capitalists, business angels, banks and credit rating agencies when assessing IA and particularly IP
- **the development of local networks** composed by stakeholders and financial intermediaries in charge **to test** firstly the **new methodology** of evaluation and then develop new local plans for continue and strenghten the IA evaluation
- the strict **connection with public policy makers** (particularly NPOs) in seeking to alleviate the problem.
- the **development of a standardize methodology aiming at evaluation intangible assets from the financial and economical point of view** and its application at national and local level according to specific and peculiar needs assessed.

## *EVLIA PROJECT MAIN DATA*

		LP	Chamber of Commerce of Venice
		1	Veneto Region
Programme of Reference	South East Europe – IV Call	2	Ca' Foscari University of Venice
Start - finish	01 november 2012 - 31 st october 2014	3	AWS
Project budget	1.920.100 euro	4	Economica
Project partners	13+2: Italy, Austria, Romania, Slovenia, Hungary, Bulgaria, Greece, Serbia, Croatia	5	UEFISCDI
ASP	6+3	6	University Lucian Blaga -
Observers	7	7	Jozef Stefan Institute
		8	Slovenian Technology Agency
		9	University of PECS
		10	Chamber of Commerce and Industry of PECS
		11	EPF - Euro Perspective Foundation
		12	ACCI - Athens Chamber of Commerce and Industry
		IPA1	Belgrade Chamber of Commerce
		IPA2	Croatian Institute of Technology

*EVLIA working group:*  
testing the methodology with SMEs & banks locally

Define the methodology and **transfer it at local level** to meet the needs of local SMEs with the involvement of the financial intermediaries, banks.

Goal: to test the specific criteria, with the evaluation of the IA/IP portfolio of selected SMEs (on real cases)

Slovenian SMEs and banks are welcome to join the WG.

Please mark your interest on the attendance list.

*Thanks for your attention!*

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**Round table:**

***The use of intangibles as loan collateral –  
Myth or reality?***

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mit ali realnost?***

**Moderator:**

Mag. Maja Tomanič Vidovič: The Slovene Enterprise Fund

**Speakers:**

Jožef Bradeško, SID Bank

Andrej Mertelj, Datalab

Jure Mikuž, RSG kapital

dr. Marjan Odar, Institut za revizijo