

European Trend Chart on Innovation

Valorising the Innovation Capacity of the Firm

The value of intangible assets in the knowledge economy

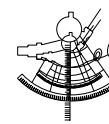
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Output Paper

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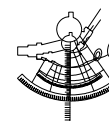
WORKSHOP KEY FINDINGS

VALORISATION OF PATENTS

- Better valorisation of patents, allowing for a better access to finance, depends on better and well accepted methods to measure patent value. Improved valuation of patents can only be achieved through a better and more vibrant EU market for IPR.
- Valuation of patents under accounting rules will remain hardly useable to raise funds for high tech SMEs as it is to a large extent cost based, instead of income based.
- As bankers are not generally active in start-up business, they do not have a good knowledge of the potential value of patents. They rather look at the patent price as collateral, which is generally not well identified.
- Venture Capitalists consider patents as a business opportunity, however only in conjunction with proved managing capacities. There is no unique solution to measure patent value. It is generally evaluated on an ad-hoc basis by VC.
- IP reporting, as well as self-assessment tools, should be better used in order to better prepare the use of IP assets and increase communication to internal and external stakeholders (e.g. investors).
- Better valorisation of patents may only be achieved through a better understanding of the different players (academics, firms, banks, VC, etc). This may notably be achieved through networking activities and incubators.

INNOVATION MANAGEMENT CERTIFICATION

- Few innovation management certification schemes exist in Europe. Existing schemes may impact both internal organisation of firms and access to finance.
- The Swiss CTI start-up initiative is a successful example of certification scheme where firms have to go through a coaching process to be labelled. Those who get the label prove to have better access to Venture Capitalists and Business Angels.
- From the Venture Capital point of view, a certification scheme may be an additional asset; however it will never replace the VC's own due diligence phase. VC invests in the combination of management team, technology and market, where the innovation management certificate can add a level of guarantee on the management quality.
- To be efficient, an innovation management certification initiative must be part of existing investment networks. Such a certificate can especially prepare firms to meet VC expectations.
- Mutual learning in this field should be fostered at European level, always considering national and regional characteristics. Local schemes may be more successful.



1 Introduction

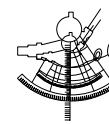
This output paper presents the results and recommendations of the Trend Chart Workshop “Valorising the Innovation Potential of the firm” held on 27-28 September 2005 in Brussels. For more information on this Workshop and other Trend Chart activities please visit <http://www.trendchart.org>.

In the knowledge economy considerable emphasis is placed upon the leverage of the economic value ("valorisation") of intellectual property rights (IPR) such as copyright, patents, trademarks, design rights and other “soft” factors such as competencies, innovation management skills, know-how, and networks. These assets do not have a physical substance and are therefore defined as *intangibles*.

Many types of intangibles can be defined, but this workshop has focussed on two specific types of intangibles, namely *Intellectual Property Rights*, specifically patents and *Innovation Management Competences*, and how these assets can be used to support fund raising. This paper presents the issues presented and discussed during the workshop.

2 Session 1 – Problems around IP valorisation

There is a sharp increase of patents activities across the world. The primary focus of patents is to protect knowledge and technologies developed in R&D projects, but exploitation and valuation of patents is becoming increasingly important. This was emphasised by **Dominique Guellec** of the European Patent Office. For innovative companies it is paramount to acquire knowledge produced by others and sell in-house developed technology. Patent licenses are key to technology transfer, but in Europe the market for technology (licensing market) is much less developed compared to the US. The market size in the US is about \$ 23 billion, while the European market is approximately \$ 6-8 billion. Without a transparent and good functioning market patent valuation is difficult. Good valuation methods are needed and in the interest of patent offices in order to improve the quality of patent applications. SMEs, companies

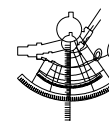


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involved in licensing, technology based start-ups, etc also benefit from better valuation methods. Technology based start-ups in particular have no other assets than their Intellectual Property and need to valorise their patents to gain access to markets and raise capital. EPO does several things to increase the use of patent valuation. Firstly, the EPO strives to grant high quality patents. Only significant inventions get patented, bad applications are killed early in the application process, the patent granting period will be shortened, and the quality of the information will be improved. Secondly EPO provides patent information which can be used for valuation (patent citations, technological context, etc). Thirdly EPO has acquired IPScore, a software tool which can be used by SMEs to value and assess their patent portfolio. It allows users to perform a qualitative evaluation of the value of patents in relation to the strategy of the company and management priorities. More information about this tool can be found on <http://www.ipscore.dk/UK/index.asp>

In the second presentation of the session **Tim Hoad** explained the work that has been done within the RICARDIS (Reporting Intellectual Capital to Augment Research, Development, & Innovation In SMEs) project commissioned by DG Research. The task force has looked at several models for Intellectual Capital Reporting. The main benefits of IC reporting are 1) improving internal management, 2) improving quality of dialogue between companies and external parties, 3) attracting external finance. He explained that Intellectual Capital reporting must *supplement* financial reporting and R&D and IP management must be accompanied with Market Research and Product Development. The main recommendation is that existing reporting guidelines (MERITUM guidelines, etc) and tools (SWOT analysis, etc) must be promoted and used. There is no need to develop new ones, but we have to start using the existing ones.

Robin Jarvis showed that the role of SMEs is very important in the European economy. SMEs have difficulties raising finance because of the intangible nature of their assets. The main source of finance for SMEs are bank loans, but this is linked with collateral which SMEs often do not have. The business value of these intangibles is often low because current accounting is still to a large extent cost based, while intangible assets would need more of an income based approach, which reflects the



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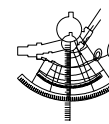
fair value better. Moreover the importance of IP is not readily recognised by many small businesses, so they are reluctant to adopt formal rights such as patents to protect their intellectual assets.

In his presentation **Remco Brandt** acknowledged the financing problems of young biotechnology companies. Biotech companies often have some fixed or tangible assets such as specific laboratory equipment, but this has no value for banks because they do not know the workings and value of it and they do not know what to do with it when the company goes bust (while real estate as collateral, for example, is easy to sell when a company goes bust). Banks have no specific expertise to value specific equipment, because they have only generalist knowledge. Therefore this cannot be used a collateral for a bank loan. The same is true for IP, which is even harder to value and consequently de facto has zero value for banks.

Other means to raise finance are to apply for a public research grant or VC money. For venture capitalists, IP is not the most important asset. An investment decision is based more importantly on the credibility of the companies' management and employees, market prospects, and external environment. For a high tech company it is relatively easier to attract funding from a VC than from banks, because a VC usually has more specific knowledge and is able to value the company better than generalist banks are able to do. After the VC stage, it is easier to find a banker according to Remco Brandt.

Thomas Jud opened the panel discussion by explaining that the main difference between banks and venture capitalists is that a VC sees a company and its IP as an investment opportunity, whereas banks look only for security in case of bankruptcy, which basically gives a value close to zero for a company's IP. Consequently better methods to value IPR will have an impact on banks, but not so much on VC's. VC's are already specialised in specific sectors or technologies and have enough expertise to value IPR in the context.

Emmett Murtha stressed also that VC's do not put a value on IP, but focus more on the overall evaluation of the company and the competencies of its management team. Therefore IP should always be measured in context. The value of IP thus depends on



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the company which owns it and on what it needs the IP for. Some companies use IP to block competition while other use it to earn royalties. Hence the key question is: what is IP worth for me in my business? Accountants cannot determine the value, because they are not specifically competent, unless they have support from technicians. Moreover he indicated that the US market for patents and licensing is very dynamic, need-driven and leads to a better valorisation of patents.

During the discussion session the following topics are developed in more detail.

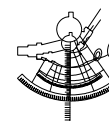
IP is context specific and value of IP should be assessed in their context. Venture capitalists assess the value of a patent portfolio always in relation to the business model, management, market and product opportunities. Hence a company is valued, not a patent portfolio.

IP is only useful if the company has the complementary assets to successfully exploit the (potential) value of the patent. Other participants mention that IP can also be used to block competition or to protect marketing position.

In Europe there is no transparent and properly functioning **market for IP**. Entry barriers and transaction costs (especially for SMEs it is costly to apply for patents, draft a licensing contract etc.) are high. In the US, there is a big market for IP which is based on the needs of companies to exploit technologies or protect their market.

Because there is no perfect market for IP in the EU, investors are reluctant to accept patents as collateral. If a company goes bust (bankrupt) the value of the patents is low, because the investors cannot sell the IP on a market as is the case with tangible assets such as real estate. It is very difficult to determine a real price for IP if there is no market. This does however not mean that the IP is worthless.

Some participants argue that the European Commission could play a role to bridge the gap between buyers and sellers of IP. Others argue that there is a need for a common language or a common understanding. SMEs must explain themselves better and improve their reporting on IP and other forms of Intellectual Capital. At the same time



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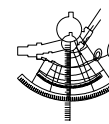
banks must improve their knowledge and expertise about IPR so they can ask the right questions when a high-tech SME applies for a loan.

It is questionable who will benefit most from a more efficient licensing market when at the same time there is a lack of entrepreneurship in Europe. Some participants argue that there is clear market failure on the market for IP hence intervention of the European Commission is needed. **Thomas Jud** stressed that a properly functioning and efficient market for technology will increase the exploitation of IPR and fosters economic growth and jobs in the EU.

Accounting standards are no remedy for underutilisation of patents. Firstly, a financial report is focused on the past, while the real value of IP is in the future. Secondly, accountants are not the best placed to value IP because they usually do not have knowledge of all the technologies. Thirdly, SMEs do not use the accounting standards developed by IASB as big companies do. **Kurt Ramin** argues that in Europe dedicated standards for SMEs should be developed while **Emmett Murtha** argues that if the standards are good they can also be used by SMEs.

In conclusion, the workshop made clear that currently there is no effective market for IP licensing in Europe, while in the US this market is big in terms of size and seems to work well. As a result banks are reluctant to accept patents as security because when a company goes bust, the banks cannot sell the patent portfolio. Transaction costs are high and the market is not transparent. There could be a role for the Commission to remove market imperfections by bridging the big gap between buyers and sellers of IP.

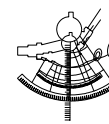
Development of accounting standards that reflect the value of IP better is not a solution for the financing problem of SMEs, because accountants are not specifically competent to determine the fair value of technology embedded in IP. A separate Intellectual Capital Report could improve communication to internal and external stakeholders and attract funding possibilities. It is paramount to bring entrepreneurs and investors together and make them understand each other.



3 Session 2 – Solutions for IP valorisation

The speech presented by **Kelvin King** in the afternoon session showed different methods of valuation Intellectual Property. He argued that valuation depends on the situation and there are several occasions for valuing IP such as Mergers & Acquisitions, portfolio review and risk assessment, loan, tax purposes, joint ventures, Selling IP or company, insurance. There are three methods for valuation. The Market based method does not work because IP is unique and there are few comparable transactions which makes it difficult to set a prices. The Cost based approach values IP based on historical or replacement cost. This gives however no indicator of the future value. The Income approach is based on the future cash flow and economic profit. Future cash flows are however difficult to predict and therefore IP valuation remains risky.

Guido von Scheffer began his presentation by showing the importance of intangible assets within corporate assets and the financing problems innovative SMEs face. He showed an example of a small automotive supplier with a typical low equity ratio, high turnovers and a small operating margin. This company had finished its R&D, made high R&D expenditures, and applied for various patents for the next production cycle. Revenues of the actual production cycle are going down due to its near end so a new production hall is needed to employ additional staff to meet the OEM requirements. The bank has a problem with financing this project because of the decreasing revenues, the high R&D expenditures and the “missing” fixed assets generated by these expenditures. So the company is pretty well prepared for the next production generation, but it only has two options, if debt financing is denied by the bank: sell or licence the patent portfolio to third countries (e.g. China) or face bankruptcy because the production requirements of the OEM are not fulfilled. This financing problem is caused because banks look only for collaterals/securities such as cash or fixed assets that are on the balance sheet. Patents assets are off balance and therefore not seen by banks as a security for a loan. To improve this situation a valuation process for patents, which is accepted by banks and other investors is crucial. In addition to the valuation methods presented by King, IPB has developed a

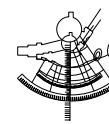


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quantitative method which can be used to value patent portfolio's at low cost and objective market value of patents.

In the third presentation **Malte Koellner** gave a Venture Capital perspective on patent valuation and innovation management certification. He showed that key factors for an investment decision are: management, product, market (size, structure), technology, and IP. Hence IP plays a role, but not a major one. For a VC it is important that the company owns the IP and has the freedom to operate. Quantitative valuation methods play no major role in investment decisions or transactions while Qualitative valuation of patents is far more important. In any case valuation takes place at the level of the company as an entity and the value of IP depends on the company using it (i.e. IP is context specific). Better (quantitative) methods to determine the financial value for the patents of a company will rarely help VC. On the other hand an innovation management certificate could be of use for VC, in particular when combined with patent portfolio management.

Matthias Werner presented his view on IP from the perspective of a bank, more specifically to what extent patents are of interest for banks as a collateral security of SMEs or innovative companies. For banks it is difficult to understand the market value of intangible assets because 1) this depends strongly on the sector and they differ significantly from each other, 2) high tech SMEs do often have a very high percentage of intangible assets and this value does not appear on the balance sheet, 3) determination of values for a bank loan security is based on "hard facts" (e.g. tangible assets, real estate) but not on IP. Moreover banks normally do not have experts to value or sell patents (conventional banks do have real estate departments but no Intangibles departments) and only small amount of patents have real value. Therefore it is a relatively big risk for banks to accept a patent as a security because the real value of patents is difficult to determine and the time horizon for high tech SMEs is highly unpredictable (in nanotechnology and biotechnology there is a time lapse of 10-15 years between first scientific publication and patent application and commercialisation). In conclusion, the risks to accept patents as a loan security are too high for banks so forget it. For banks it is more attractive to give one big loan to an established company rather than many smaller loans to SMEs. And as long as there



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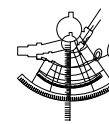
are other conventional securities for a bank loan why should banks use intangible assets?

The panel discussion started with a brief presentation of **Roya Ghafele**. She emphasised that there is no need to develop new tools and methods for IP valuation because they already exist and are working fine. There is however a need for human capital, people who can use these tools and methods. This will really bring added value and make it possible that the value of IP is better communicated to investors and other stakeholders. It is important to develop a “language” so business people, scientist, accountants, investors, etc can “understand” each other. There is a clear need for multidisciplinary. An accountant, for example, knows everything about the statutory system but has no idea about the business or technology while a entrepreneur knows everything about the technology, but lacks often financial and legal knowledge.

In Finland there is public support for innovative SMEs applying for a loan as indicated by **Kari Villikka**. The public bank Finnvera is supplementing the financial markets in Finland by providing guarantees on loans for SMEs. They have financed about 100 technology based innovative companies during the last years, mainly focussing on potential high growth companies. The state compensates 50% of its losses, so Finnvera can take bigger risks.

Other points discussed relate to the difference between VC’s, banks, and Business Angels in terms of investment opportunities, risk profiles, and need of IP valuation methods. And to what extent the Commission should play a role to develop guidelines for valuation IP.

Banks and VC’s are different types of investors and have different risk profiles. Banks can take little in terms of risks and mainly focus on cash flows and securities (e.g. fixed assets shown on the balance sheet) when a company applies for a loan. VC’s have more specialised knowledge to evaluate a company (including the IPR) and take more risk.



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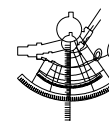
All panellist agree the Commission should not develop any new methods, schemes or guidelines for IP valuation. The only role the Commission can play is to encourage stakeholders to look at the evaluation issue and facilitate discussion and communication between the various stakeholders (companies, investors, incubators, external experts, etc). This brings together different worlds. An other point is to increase awareness of good IP reporting among entrepreneurs.

Uffe Bundgaard Jorgensen mentions that entrepreneurs go to VC's much to soon, while their business plan is not ready. Entrepreneurs have to assess their business plan carefully before going to an investor. By using self-assessment tools (e.g. offered by InvestorNet or Fraunhofer) quality of the business plans can be improved and improves capability of companies to manage IP and innovation. This makes companies better prepared for investors.

Some participants mention a "funding gap". There is said to especially be insufficient funding available for seed-finance. European venture capitalists are only interested in deals of 1 million euro and more (in the UK and US this minimal deal size is even higher), while start-up companies need smaller amounts of money. For young start-up companies it is extremely difficult to get the first round of financing. But banks will not take the risk and also European Investment Fund does not adequate address this issue. Business Angels are the main supplier of seed finance in Europe and their role is extremely important for funding innovative companies in Europe and to bridge the gap between seed capital and traditional VC.

Another question that is raised is whether there is lack of funding or a lack of good ideas and entrepreneurship in Europe. Some, including **Koellner** and **Von Scheffer**, argue that there is a financing problem, especially for SMEs, because they have low cash flows which makes it impossible for them to get a bank loan. Other, including **Buescher** and **Van Grevenstein**, argue that experience shows that good ideas always get funding and that there is foremost a lack of good (serial) entrepreneurs in Europe.

SMEs often lack professional management. There is clear need to educate entrepreneurs so they can communicate their (financial) needs better to investors.



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In conclusion, the workshop made clear that valuation of IPR, in particular patents, is a very uncertain process. The real value of IPR depends strongly on the context, which makes it difficult to value for banks. Banks look for security when a company applies for a loan, but patents cannot give this security because banks have no knowledge about patents and the technology behind it. As a result banks do not understand the value of patents so the value is de facto zero. A more efficient and transparent licensing market and objective quantitative valuation methods, such as the one developed by IPB can improve this situation, but banks will always be reluctant to accept patents as collateral for a loan because the risks are too high compared to conventional loan securities.

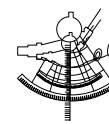
VC's assess the value of IP when making an investment decision, but IP is valued only as one element of the company, next to the overall strategy and, most important, credibility of the management. Business Angels play an important role in seed financing, but do not use formal IP valuation methods when an investment decision is made.

The Commission should not play a role by defining standards for patent valuation. A possible role for the Commission is to foster communication between various stakeholders and encourage networks of experts and investors.

4 Session 3 – Innovation Management Certification

The aim of this session was to learn from experiences with innovation management assessment and certification in different European countries. In her opening address **Kristina Wagner** presented two different initiatives that are used at Fraunhofer IAO to help companies to secure and strengthen their innovation capabilities by continuously analysing and assessing their ability to innovate. Innovation card is an assessment of innovation capability based on qualitative and quantitative indicators.

Innovation audit is a review of the innovation performance of a company based on a company visit, workshops and interviews. The aim is to analyse the innovation

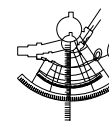


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capability, benchmark the innovation performance with other companies, and present approaches for measures of improvement. The final report includes also a certificate as documentation for the rating and backing when communicating with investors. In conclusion, innovation management assessment: 1) helps companies with internal and external communication, 2) provides an approved set of indicators about the company's innovation competences that can be used to acquire innovation financing, and 3) increases professionalizing of innovation management at companies.

In the second presentation **Vincent Moser** focused his talk on experiences with the Swiss CTI Start up initiative. It is a coaching process divided into three phases. Phase 1 is the basic check of the business idea. During phase 2 professional experts evaluate the business plan (technology, management, financial planning, market acceptance, etc) and determine if it is feasible for intensive professional coaching. Phase 3 aims at developing and optimising the business model and strategy and to prepare for the CTI Start-up label. At the end of this phase the CTI label "ready for sustainable growth" is achieved. The label is seen as a quality stamp and thereby gives credibility to the company, acts as door-opener for venture capital financing, and gives better access to various (business angel) networks and programs. More than 50% of Swiss high tech starters have acquired the label. Experiences with this programme also show that labelled companies do have a higher chance to get financed than non-labelled companies and that the survival rate of such labelled companies is higher than non-labelled companies. For investors the label provides extra information about the company making an investment decision easier. Also the fact that a company is coached for a long time by recognised experts has a positive effect on potential investors.

Marc Lambrechts gave a VC perspective on innovation management certification. He started by showing where VC prefer to invest in: 1) entrepreneurs and a team, 2) technology as sustainable competitive advantage (e.g. strong intellectual property and proof of concepts exists), 3) a business model they understand and like, 4) growing markets, 5) well funded and capital efficient companies, 6) exit perspective higher than 5 to 10 x multiple. He argues that an innovation management certificate can be useful for Venture Capitalist to foster business proposals that are "VC-ready", to



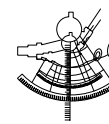
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create awareness of investor expectations, and to act as a second opinion – not: replacement - for VCs own due diligence process. He also explains that VC's invest in 1 out of 100 proposals and usually in projects introduced via their own networks. So a certification of innovation management does not automatically mean that a VC will invest, but on the other hand it can play a role to in finding funding, especially when a certificate procedure is linked to investor networks. He also made clear that VC's will not pay for a certificate.

The panel discussion started with a brief presentation by **Adriano Mones** highlighting his experiences with the innovation management standard certification process in Spain. The main incentive to get this standard is the tax break on R&D costs offered by the Ministry. But the implementation of R+D+I management system standards has also contributed to better optimisation and planning of R&D and innovation processes in the company, enabling emerging technologies or new technologies applied to the sector to be recognised. It also enhanced brand image and reputation of the company.

Secondly **Bernard de Potter** reflected on the activities of IWT and the Innovation Relay Centre in Flanders to stimulate innovation performance of companies. The local IRC has developed an innovation audit to assess the innovation performance of companies. Experiences show that the competence of the people is the most important factor affecting innovation capability. Consequently talking with the entrepreneurs is the key aspect of the innovation audit while a technical audit is less important. He thinks that it is difficult to set up a European certification scheme, because there are so many differences between companies, sectors, regions, etc. Mutual learning and exchange of information between countries and regions should be stimulated, but a European scheme is not possible due to all the differences.

Other points discussed during this session are: the need for a European certification scheme for innovation management, how such a certification scheme should look like (e.g. based on the Swiss CTI Start-up label, Fraunhofer Innovation audit, or a self-assessment tool that companies and entrepreneurs can use themselves), the interest of investors in such a scheme, and if this scheme should be generic or specific for certain sectors, types of companies, or regions. These points will be elaborated below.



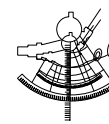
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Moser points out that the combination between the coaching process and the label is important. It is not the certification only. It is part of a total process to improve management of a company and make entrepreneurs “investment ready”.

Wagner points out that SMEs have no time and money for an intensive and costly innovation audit procedure. Therefore the focus should be on a self-assessment tool which companies can use themselves and is not expensive. This self-assessment certificate of innovation management can be used by VC’s as a second opinion or by banks to increase the credit rating. Representatives of VC’s, including **Koellner** and **Lambrechts**, agree and indicate that a certificate of innovation management could be “nice to have” and can be used as a second opinion. However, VC’s will always perform their own due diligence assessment. But a certificate could improve the quality of the business and make the company ready for VC investment. Nowadays VC's invest in very few deals that are presented to them. A label or certificate could improve this situation, help companies at the entry level, and make the investment process more efficient.

An important topic is which items should be certified and who will define this. The Commission could play a role to define minimum requirements or standards as is argued by **Multhaup**. Other argue that one could better start with collecting information on best practices from other countries to enable mutual learning and knowledge sharing. **Moser** points out that expansion of the Swiss label to a European level does not seem feasible, because it will become too big and impossible to manage. **Lambrechts** points out that a business idea starts at a local level, so a certifications scheme should also be managed at a local level. The diversity between companies, sectors and regions is too big to make a "one size first all" scheme. Also, the extent of innovation differs strongly between countries and sectors. So the scheme must be dedicated to specific target groups and regions.

In conclusion, a certification of innovation management could be of interest of venture capitalist as a second opinion when making an investment decision. For banks and business angels a certificate gives no added value. The workshop made clear that



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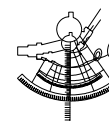
a certification process should clearly not be made mandatory for companies or investors. And the scheme must be dedicated to specific target groups (sectors, types of companies) in order to make a real difference. A uniform European label (one size fits all) is not advisable, but certain indicators could be standardised at European level.

The Swiss CTI start-up label has attractive features, especially the coupling of the label “ready for sustainable growth” with an extensive coaching process and access to networks of experts and investors. Swiss experiences show that start-up companies really benefit from this approach and have better access to finance due to the label. The Fraunhofer innovation audit is interesting for companies that are established for longer periods of time. An other option is to use a self-assessment tools which can be used by companies themselves and is less complicated, costly, and time consuming than the innovation audit.

5 Workshop closure – Commission conclusions

Reinhard Buescher of the European Commission closed the workshop. He reminded the audience that Europe has to perform better in terms of research and innovation in order to achieve sustainable economic growth and to close the innovation gap with our main competitors. Therefore we have to use all means to do better and build better and strong innovation systems in Europe by building strong institutional links. This workshop has shown that better IPR and innovation management can stimulate economic growth.

Patents play an important role in the innovation process. Besides protecting inventions, patents can be used to license technologies and generate income, facilitate access to finance, and to demonstrate that a company owns a technology (which is important for VC to get funding). The Commission will continue to stimulate national and regional public (business) support services (e.g. IRC) who in turn encourage companies to fill high quality patents, stimulate awareness, and improve IPR



European Trend Chart on Innovation

management and reporting. Moreover the Commission will launch a EU network to “train the IP-trainers” so they can give better advise to SMEs.

IP valorisation is part of company’s innovation management capabilities. Innovation management skills in Europe are underdeveloped, especially compared to USA. This is partly a cultural difference, but on the other hand these skills can be learned. European policymakers can play a role to improve innovation management of European companies. Therefore the Commission will launch an Innovation Management Certification project soon which will provide an overview of policy instruments that work well. Member States are challenged to learn from each other, to adapt their own instruments to improve policies, and to work together by jointly using certain schemes. Participation is voluntary and the main aim is to learn from each other and make innovation policies in Europe better.