

## Spin-outs & Monetising Non-core Intellectual Property Survey

Produced by Intramezzo Ltd

A leading supplier of Senior Executive Talent  
in Europe for the monetising of Intellectual Property  
in the form of Spin-outs

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Price on Application  
(Free to Respondents)

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## Background

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This survey was prepared against a backdrop of increasing market activity in the building of new ventures to monetise non-core Intellectual Property. (Non-core IP is related to all patents and licensable material.)

Respondents were asked to complete the questionnaire in its entirety in return for a copy of the Executive Summary and a copy of the thought provoking Economist report "A Market for Ideas". The response we achieved was greater than expected and the results more far reaching than we anticipated. This survey is a 'snapshot' view of the state of the market with 34 extensive responses (a 7% response rate to the questionnaires sent). We have prepared a full report which covers all the questions and the results, rather than producing a concentrated Executive Summary for respondents as stated in the questionnaire.

We are grateful to members of **Grant Thornton** for inspiring us to produce this survey.

We see the BIG questions for the spin-out markets as follows:

- What are the potential returns?
- Where is this spin-out market in terms of maturity?
- What is the role of the spin-out relative to other options to monetise IP?
- How many companies have successfully addressed non-core IP to be definitive about return on investment?

We have left our options open for another survey to address the questions which were raised by respondents - 90% of them said they would contribute to future Intramezzo surveys.

**Why did we conduct this survey?** Intramezzo believes that the UK in particular, but certainly the Western economies, are facing major challenges to prosperity, brought about by rapidly increasing global competition. Regional economies will depend on bringing more innovative IP to market, faster and more effectively. This is a valuable way to increase employment and prosperity now and in the future (some respondents are achieving greater than 20x return on investment). In particular, we are interested in the stage this market has reached (early ascendant and rising fast).

We believe that the potential for major revenue from 'fast tracking' spin-outs through to successful exit can lead to increased profits and with this the potential for sizeable increases in essential R&D budgets from which to repeat the process.

Please let us know if you would like additional copies of this report. For those that would like a copy and who did not contribute to the findings, please contact us (price on application).

We offered complete anonymity to respondents and all information is treated as confidential and is non-attributable, without reference to them or their company.

For recipients wanting to discuss the content of this document in more detail, please contact the director responsible for this research - Dermot Hill at Intramezzo on [dhill@intramezzo.co.uk](mailto:dhill@intramezzo.co.uk) or +44 (0)20 7520 9290.

About Intramezzo - Intramezzo is a specialist search firm focused on short term contract and part time board level and senior executives (interim). Intramezzo addresses virtually all senior executive roles and has a special focus on the spin-out and venturing sectors.

An important aspect to our search is the identification of domain / market expertise, providing clients with a fast and timely solution to critical talent needs. The company owns and runs a large, high quality talent register providing virtually immediate contact to many senior executives.

Spintal<sup>®</sup> is the name of Intramezzo's specialist spin-out talent register. In addition our company is introducing a range of business 'life cycle' services, the most recent one to be announced is a fast track flotation service delivered as part of an alliance of professional and advisory service firms.

Over the last 4 years the company has built a reputation for delivering top quality candidates to some major operators in this monetising IP market, both in the UK and internationally.

## Executive Summary

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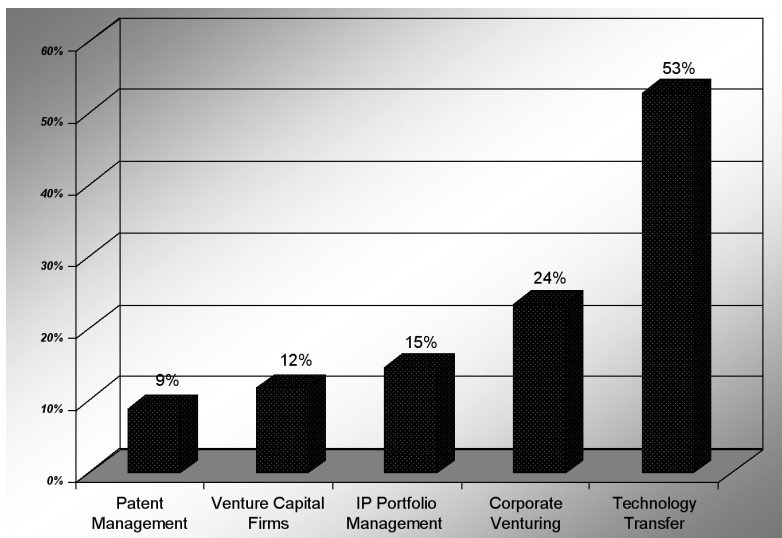
This survey revealed the following key points:

- Potentially huge returns await the successful spin-out. A cluster of 7 respondents declared better than 10x returns on investment and two of these declared better than 20x.
- Technology Transfer departments are also actively involved in spin-outs and contributed 42% of the responses.
- The spin-out market is considered to be of increasing importance by 51% and an additional 6% said it was becoming of considerable importance.
- On how typical organisations commercialise IP, respondents returned that using external resources was the most popular option (72%), followed by 21% using dedicated internal resources.
- Lack of venturing skills was cited by one in three respondents as the most significant factor associated with bringing non-core IP to market. The next most relevant answer returned was lack of internal executive bandwidth to deliver the spin-outs.
- Shortage of 'skill set' was also highlighted by the answers covering the management issues most important for capitalising on non-core IP. 35% cited lack of executive skills to launch and run spin-outs as the next most important issue. Business planning, then valuations of IP were seen as the next most significant.
- 76% of respondents had launched, or were in the process of launching, successful spin-outs.
- 44% of respondents have achieved 5 or less spin-outs. This report highlights 2 clusters: those that are entering spin-out activity and those that have been involved in some scale for some time (delivering more than 20 spin-outs - 26%).
- An indication of the maturity of this market (early stage) is represented, with just 16% of respondents having achieved a financial exit.
- Systems are needed to integrate corporate strategy with spin-out activity in 1 in 3 cases.
- Collaboration is more important than it has ever been, with most organisations successfully developing collaborations with education, government and commercial organisations.

## Report

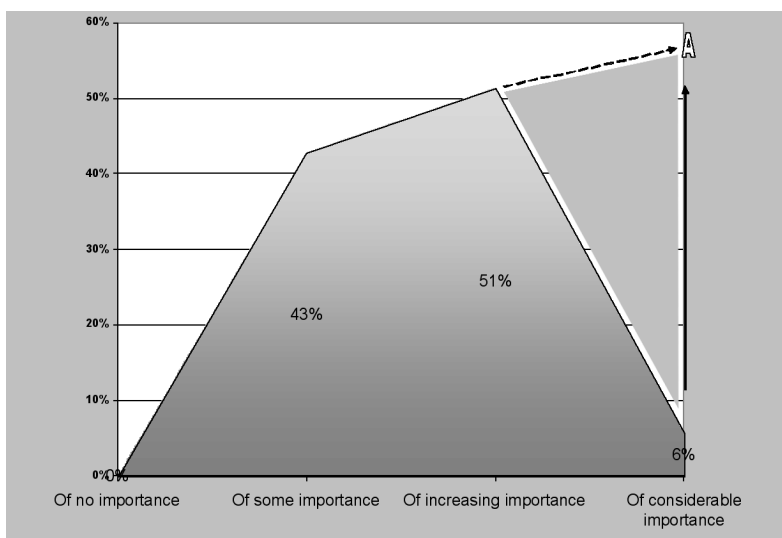
This questionnaire received a significant 7% response rate from possible participants, delivering a 'snapshot' of the state of this market. Respondents include technology transfer and commercial spin-out ventures, corporate venturing organisations, Patent and IP portfolio management departments and venture capitalists. The majority of the responses came from organisations operating in the UK. Companies involved in technology, FMCG and telecoms featured strongly and there were a number of organisations who worked cross industry.

### What best describes the role of your department or organisation?



This slide illustrates the categories which best describe the venturing activity of the organisations responding.

### How important is the market associated with monetising non-core IP, as a source of additional income for industry and commerce?



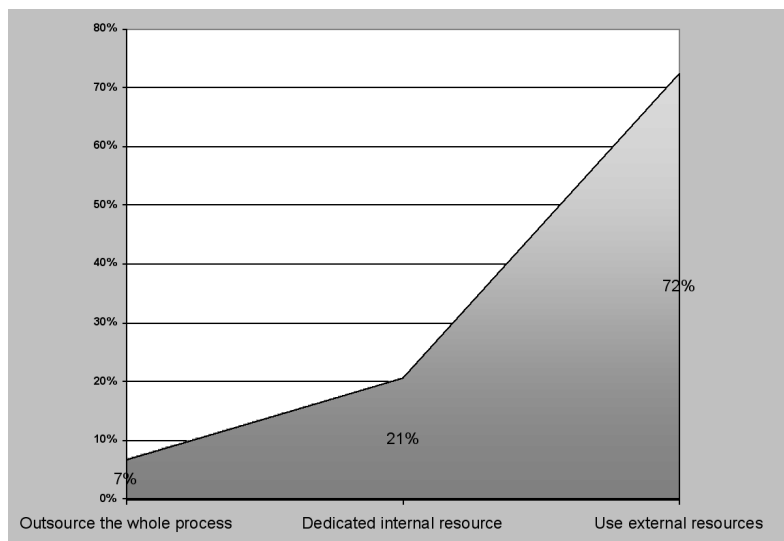
This chart shows a trend towards considerable importance and a point A to illustrate where potential responses in the future may be headed.

## Report

**Please add your comments here about the potential and challenges associated with developing non-core IP.**

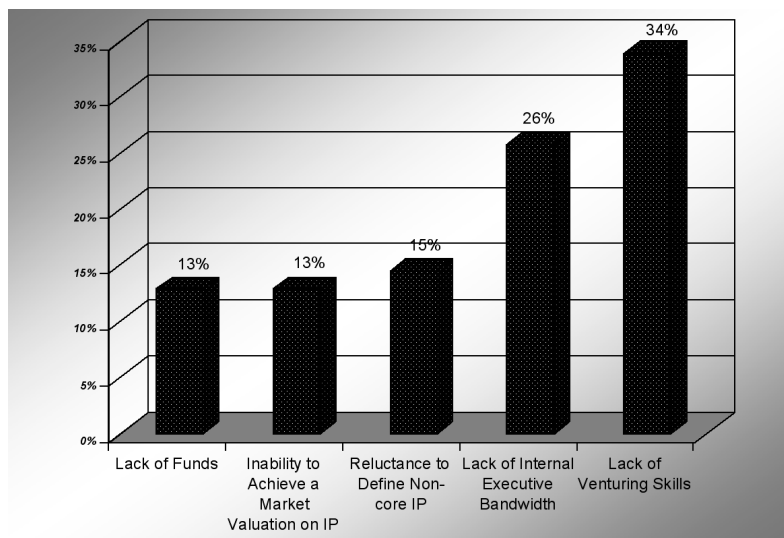
Here are some of the comments put forward: Clever collaborative IP clustering; risks linked to lack of domain expertise; amount of discretionary funds; market pull and technology push; larger companies have difficulty in acting entrepreneurially; inability to value and identify opportunities; non-core IP is often the business differentiator; internal expectation of returns; availability of adequate funds; variation in approach between corporates.

**How do you believe the typical organisation commercialises non-core IP?**



The chart above illustrates the use of external resources as the preferred option.

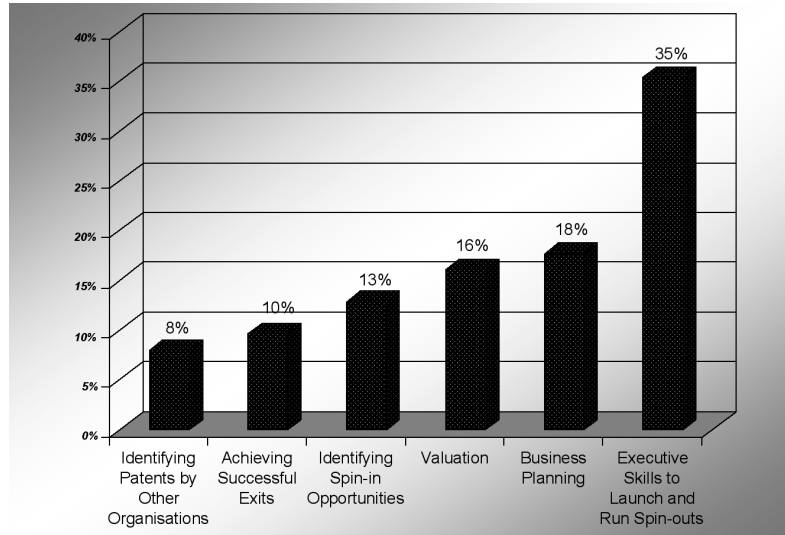
**Identify the Issues with Bringing Non-core IP to Market**



Lack of venturing skills and the executive bandwidth needed to firstly form, and then to execute the delivery of successful spin-outs were highlighted as being the key issues with bringing non-core IP to market.

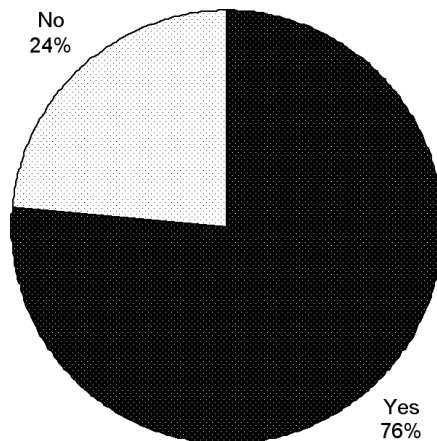
## Report

What two management issues do you consider to be most important for capitalising on non-core IP?



Executive skills to launch and run spin-outs was seen as the most important factor for capitalising on non-core IP.

Has your organisation achieved, or is it in the process of achieving, successful spin-outs?

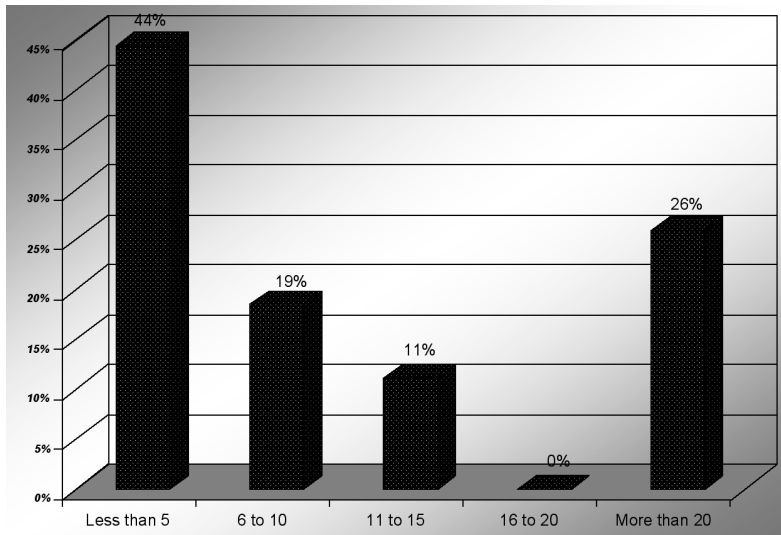


Such a large return for achieving spin-outs suggests that many of the Technology Transfer organisations (53%) include spin-outs within their remit.

## Report

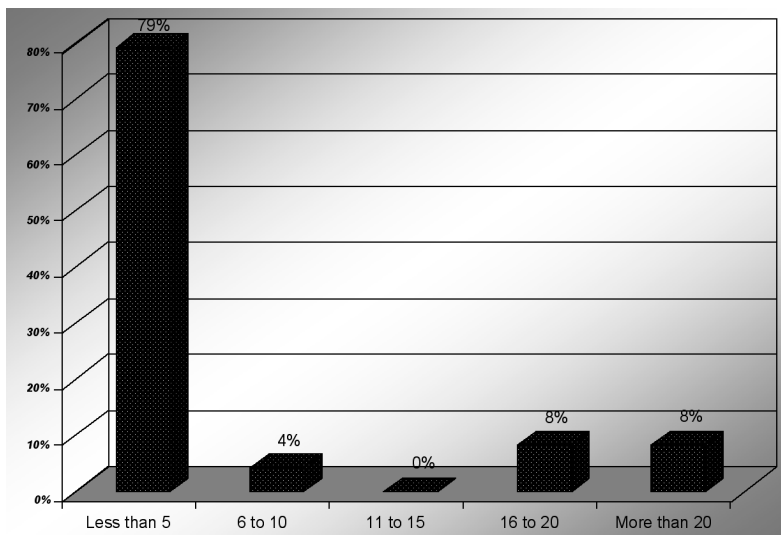
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How many spin-outs approximately have been achieved by your organisation?



This slide illustrates the polarisation between the size of spin-out derived from IP holders and managers. 26% or 8 organisations / respondents to this question have achieved over 20 spin-outs each.

How many have achieved a financial exit?

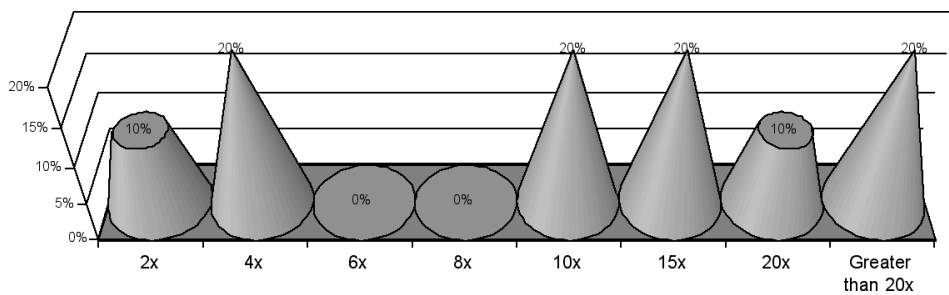


This slide illustrates the profusion of ventures waiting to move through the business development process towards a financial exit. There is also an indication that some organisations are already in the advanced stages of achieving exits, thus supporting the concept of the clusters identified.

## Report

**What has been the approximate return on investment on spin-out valuations from your organisation to date?**

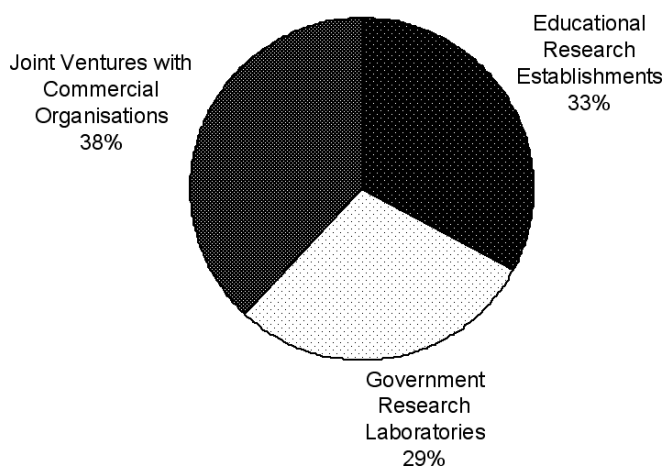
The answer to this question illustrates the prospect of future returns with a concentration between 10x and greater than 20x return on investments. This information offers some indication about the investment potential behind successfully delivering spin-outs and the value to the initial holders of Intellectual Property.



**Does your organisation have a formal process for identifying non-core IP?**

Two thirds (67.9%) do have a formal process. Just under two thirds said that this is linked to the strategy of their organisation (62.5%).

**Does your organisation work on joint R&D programmes?**



**Are You Prepared to take part in future surveys of this type from Intramezzo?**

90% of respondents said they were prepared to take part in future Intramezzo surveys. For further information please contact us on 020 7520 9290.