



# *Intellectual property asset management for (more) competitive SMEs*

*- Challenges for SMEs and how to address them ?*

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## **A new model: IP Factory Europe**

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## Agenda

**R&D intensive SMEs: Finance Gap & Challenges**

**InvestEU: financing IP for innovative SMEs**

**New model: IP Factory Europe - financing SMEs growth through IP**

- Goals?
- What is in it for start-ups and SMEs?
- Case Study: **Energysquare**

**SMEs & Start-ups from all over Europe**

**Innosup Call : Closing the finance gap for IPR-driven start-ups and SMEs**



## R&D intensive SMEs: Finance Gap & Challenges



- European start-ups and SMEs need access to growth finance
- Financing and valorising results of R&D to secure investors (asymmetry of information) is a long and costly process
- No financial products backed by intangible IP assets
- *Valley of death*: many start-ups either fail or are forced to sell capital to ensure their development
- Intellectual property protection is an after-thought for time and cash-strapped entrepreneurs.
- Ideas and innovation flow outside the EU to benefit companies elsewhere



## InvestEU: financing IP for innovative SMEs

- EU budget includes specific legal basis to help innovative SMEs finance & obtain intellectual property titles to protect their R&D investments

InvestEU Article 20 – paragraph 2 – point f and Annex II – point 8 / Recital (36 a)

- Goal of legislator: help European start-ups use their IP portfolios to raise higher levels of growth capital without selling too much equity
- New mechanism to create a virtuous circle of innovation and drive investment for growth for European innovators
- Potential : €1 billion over 7 years - 150 Mio per year - could be made available for European SMEs through InvestEU & (existing) national mechanisms
- Inspired from '*la Fabrique a Brevets*' - an initiative implemented in France since 2016 by sovereign fund "France Brevets"



## InvestEU: financing IP for innovative SMEs (II)

- The MFF/InvestEU not yet approved - precise level of funding TBC

### Questions

- How to use the new legal basis and financing for IP intensive SMEs?
- How to scale up this new model for pan-European delivery ?

### Commission response

- INNOSUP 10-2020 “Close the finance gap for IPR-driven start-ups and SMEs”
- EC call for proposal under H2020 program to deliver pilots for at least 15 innovative start-ups in 10 Member States
- Innovative SMEs, National Promotional Banks, industry, patent experts and venture capitalists called to work together to develop a scalable platform





# New model: IP Factory Europe - financing SMEs growth with IP

## Goals

1. **de-risk access to IP financing** for innovative start-ups and SME businesses
2. **encourage creation of new, IP-driven financial products** at national level that leverage intellectual property assets held by SMEs and start-ups
3. **create new co-funding mechanisms** that leverage InvestEU guarantees and existing national programs or financing for domestic innovative SMEs and start-ups

## What is in it for start-ups and SMEs?

- Access to a Europe-wide platform bringing together national investors, IPR industrial experts to help innovative companies to build strong patent & IP portfolio.
- Covers cost of developing IP portfolio and external advisory services
- Enables the beneficiary company to raise capital, secure growth funding or new business partnerships with larger companies.

## Case Study: energysquare

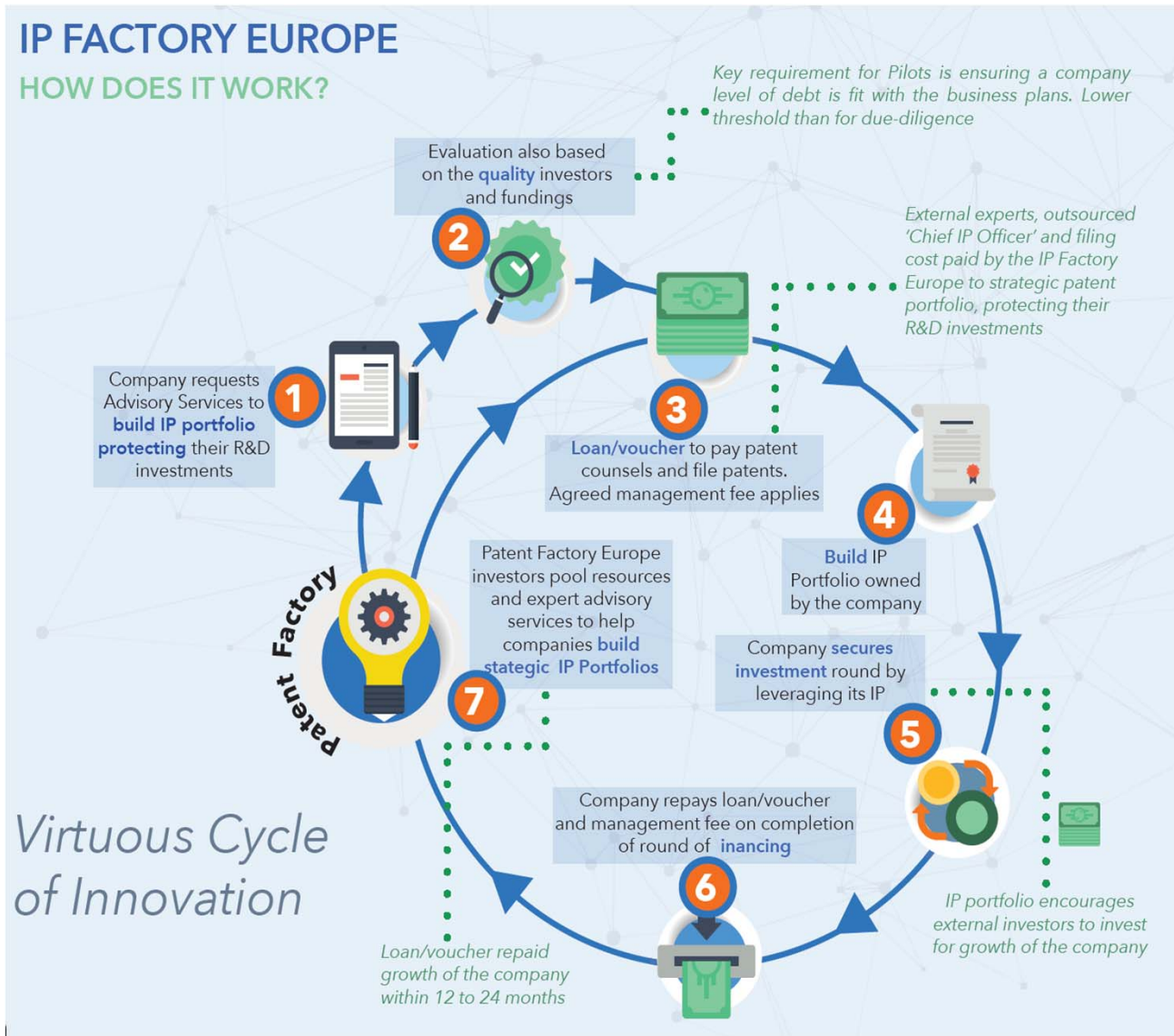
**A two-round Patent Factory to build strategic IP portfolios, secure investments for growth and prototyping contracts with global players**

- **Round #1:** 12 months duration from May 2017; 5 patents filed in France with *outsourced Chief IP Officer*; EURO 75k in Patent Factory investment; securing EURO 700,000 in VC and business angel growth funding; repayment of 75K investment within 12 months.
- **Round #2:** 36 months duration from June 2018 and ongoing: international extension of the patent portfolio to Europe, China and the US; EURO 217k in additional patent factory investment; Prototyping agreements, prior to commercialization, underway with global manufacturing companies in the US and in China; repayment of additional investment EURO 217k scheduled by end of 2020.

# New model: IP Factory Europe - How does it work?

## IP FACTORY EUROPE

### HOW DOES IT WORK?





# INNOSUP 10-2020

“Close the finance gap for IPR-driven start-ups and SMEs”

**22 Start-ups and SMEs – in many sectors:** AI, Biotechnology, Blockchain, IoT, Oil & Energy, Conductive wireless charging, HR, Industrial Automation, Electronic Manufacturing, Telecommunications, Textiles, Medical Devices, Financial Services, Renewables & Environment, Transportation and Security



**11 European countries:** Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Luxembourg, Norway, Sweden and The Netherlands

## Closing the finance gap for IPR-driven start-ups and SMEs

- National Promotional Banks, industry and patent experts and venture capitalists working together
- **Partners:**



- **EC Panel Decision: due in February 2020**



# A new model: IP Factory Europe

*A way to address challenges for innovative SMEs ?*

- *Questions, comments?*

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