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Exactng a Payoff from Intellectual Assets

All businesses rely on intellectual assets, regardless of the size or industry. Innovation exists not just in legal patents and trademarks, but also in a company's personnel and their collective "know how." Experience shows that individuals, companies and industries that fully exploit their intellectual asset portfolios create greater returns from their portfolios. Examples of intellectual assets include:

- Registered assets-patents, trademarks, copyrights
- Non-registered assets-trade secrets, manuals, models, procedures,
- Human capital-skills, experience, know-how that could walk out the door

Intellectual Asset Management is the realization of value from innovation and brings structure and direction to diverse assets. Intellectual Asset Management enables a company to achieve strategic goals by identifying all intellectual assets and assessing their impact on strategic goals and is often precipitated by events that demand a complete assessment of the intellectual assets, such as:

- Mergers, acquisitions, divestitures, joint ventures, alliances
- Realization of value between market and book value
- Changing competitive and/or market position
- Cost reduction demands

The first step to Intellectual Asset Management is the Audit Assessment which provides a "current state" report of the intellectual asset portfolio. The Audit Assessment details the process and results of the audit and includes, by way of example:

- Identification of Intellectual Asset Families
- Ranking of Intellectual Assets (core, non-core or uncertain)
- Policies, Procedures, and Compliance
- Identification of Key Personnel
- Identification of Deficiencies



The results of the Audit Assessment are then utilized in the Strategic Assessment. The Strategic Assessment yields the "desired state" based on an evaluation of the intellectual assets value relative to the business' strategy, competitive position, market attractiveness and overall portfolio relationship. The Strategic Assessment also includes a valuation performed on specific intellectual asset families depending upon internal or external requirements. Key valuation parameters include the remaining useful life of the intellectual assets and the portfolio managers' primary measure of economic income. Finally, the strategic report focuses the portfolio manager on utilizing the valuations and rankings to create options to exact value from the intellectual assets.

Intellectual Asset Management can be complex or simple depending upon the sophistication of the company. But no matter the size, Intellectual Asset Management is an integral process to achieve any company's strategic goals and intellectual assets should be regularly assessed and evaluated as with all business assets.

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